



# **CITY COUNCIL**

## **Meeting Agenda**

**REGULAR MEETING**  
**COUNCIL CHAMBERS**

**MON, AUGUST 11, 2008**  
**7:00P.M.**

### **OPENING MATTERS**

#### **CALL TO ORDER**

**INVOCATION:** Pastor Franz Santiago, Hopewell Mennonite Church

#### **PLEDGE OF ALLEGIANCE**

#### **ROLL CALL**

### **PROCLAMATIONS AND PRESENTATIONS**

#### **Mayoral Proclamation**

- Presentation to Trinity Lutheran Church Scholarship Fund winners, by Pastor Fred Opalinski and Mayor McMahon
  - Emily Becker – City Employee – 3<sup>rd</sup> & Spruce Recreation Department
  - Megan Shobe – City Employee – 3<sup>rd</sup> & Spruce Recreation Department
  - Cody Schreiner – Son of Police Officer Richard Schreiner
  - Jasmine Lockhart – Daughter of Deputy Police Chief Mark Talbot

### **PUBLIC COMMENT – AGENDA MATTERS:**

*Citizens have the opportunity to address the Council, by registering with the City Clerk before the start of the meeting. All remarks must be directed to Council as a body and not to any individual Council member or public or elected official in attendance. Any person making personally offensive or impertinent remarks or who shall become unruly while addressing Council may be called to order by the Presiding Officer, and may be barred from speaking before Council, unless permission to continue speaking is granted by the majority vote of Council.*

*All comments by the public shall be made from the speaker's podium. Citizens attending the meeting may not cross into the area beyond the podium. Any materials to be distributed to Council must be given to the City Clerk before the meeting is called to order.*

*Those commenting on agenda business shall speak at the beginning of the meeting and shall limit their remarks to 5 minutes. Those commenting on general matters shall speak after the legislative business is concluded and shall limit their remarks to 3 minutes. No comments shall be made from any other location except the podium, and anyone making "out of order" comments may be subject to removal. There will be no demonstration at the conclusion of anyone's presentation. Citizens may not ask questions of Council members or other elected or public officials in attendance.*

## **APPROVAL OF AGENDA AND MINUTES**

**AGENDA:** Council Meeting of August 11, 2008

**MINUTES:** Council Meeting of July 28, 2008

## **Consent Agenda Legislation**

**Resolution** - to amend the FFY2008 one year Action and the FFY2004 to FFY2008 five year Consolidated Plan to provide \$230,000 in un-programmed CDBG funds for renovations to Baer Park (**Community Development**)

**Award of Contract** - to American Rock Salt Co., LLC, P. O. Box 190, Mt. Morris, NY, 14510, at a bid price of \$62.23 per ton for delivered salt and \$60.00 for picked-up salt for the Department of Public Works (**Purchasing**)

## **ADMINISTRATIVE REPORTS**

## **REPORT FROM OFFICE OF THE AUDITOR**

## **REPORTS FROM DIRECTORS & BOARDS AUTHORITIES AND COMMISSIONS**

## **ORDINANCES FOR FINAL PASSAGE**

**Bill No. 49-2008** – Storm Water Management (**Public Works/Solicitor**)  
*Introduced at the July 14 meeting; Tabled at the July 28 meeting – awaiting receipt of map – Still not received*

**Bill No. 50-2008** – amending the City's Code of Ordinances, Chapter 24 Taxation, Part 5 by adding a provision relating to the business privilege tax regulation's procedure for determining manufacturing exemptions and by adding a refund claim provision. (**Tax Division and Law Department**) *Introduced at the July 14 meeting; Tabled at the July 28 meeting and referred to the 8-4 Finance Committee*

**Bill No. 51-2008** – Amending the 2008 Full-Time position Ordinance by reducing the number of police officers to 208 and the number of firefighters to 145. **(Council Pres. Spencer)** *Introduced at the July 14 meeting; Tabled at the July 28 meeting and referred to the Public Safety Committee*

**Bill No. 52-2008** - setting forth its intent to issue a series of general obligation bonds, Series E Of 2008 of the City in the aggregate principal amount not to exceed \$60 million **(Man Director)** *Introduced at the July 28 regular meeting*

**Bill NO 53-2008** - setting forth its intent to issue two series of general obligation notes designated as Series C Of 2008 And Series D Of 2008 of the City in the aggregate principal amount not to exceed \$60 million **(Man Director)** *Introduced at the July 28 regular meeting*

**Pending**

**Advertisement and Public Hearing Required by MPC**

**Notice of Pending Ordinance Doctrine**

**Ordinance** – amending the Zoning Ordinance by prohibiting rental uses in the R-1, R-1A and R-2 Zoning Districts **(Councilor Marmarou & Council Staff)** *Introduced at the March 24 regular meeting of Council*

**Ordinance** - Amending The City Of Reading Zoning Ordinance Per Exhibit "A," To Create, Add And Define The Use Of Student Home As A Conditional Use And Requirements Therefor In The City Of Reading R-1a (Residential), R-1 (Residential) And R-2 (Residential) Zoning Districts And As A Permitted Use In R-3 (Residential) City of Reading Zoning Districts **(Public Safety Committee & Law Department)** *Introduced at the July 14 meeting; Public Hearing scheduled for Wed, Aug 20<sup>th</sup> at 5 p.m. in Council Chambers*

**Pending – Further Review Required**

**Bill No. 26-2008** - amending the Codified Ordinances of the City of Reading, Chapter 1 – Section 1-186, 3, G, by adding a new (3) requiring Council approval for all expenditures, transfers and/or allocations from and/or to any and all Agency Funds and any and all line-items located in the Departmental: Non Departmental area of the General Fund **(Council Pres. Spencer- Council Staff)** *Introduced at the February 25*

*regular meeting; Tabled at the March 10 regular meeting; referred to the Finance Committee for review; Discussed at 4-7 Finance Committee; Tabled at the 4/14/08 Regular Meeting*

**Ordinance** - amending the FY 2006-2012 capital improvement plan for the City of Reading (**Finance Department**) *Introduced at the June 23 regular meeting; Referred to the Finance & Public Works Committees; Referred to the 8-18 Public Safety Committee*

**Bill No. 43-2008** - amending the Housing Permit Ordinance by reducing the number of Disruptive Conduct Reports needed for the eviction of the tenant(s) to two and increasing the appeal fee from \$50 to \$75 (**Council Public Safety Committee**) *Introduced at the May 12 regular meeting; Tabled at the May 27 regular meeting; Reintroduced at the July 28 regular meeting; review by HUD required*

## INTRODUCTION OF NEW ORDINANCES

**Ordinance** - Amending The City Of Reading Code Of Ordinances Chapter 6, Part 7, School Time Curfew, To Add A New Section Pertaining To Prohibited Conduct Of Juveniles On School Days As Attached In Exhibit A (**Police Dept**)

## RESOLUTIONS

**Resolution** - authorizing the termination of a certain Interest Rate Management Agreement previously executed with respect to its general obligation notes Series of 2005; authorizing the proper officers of the city to execute and deliver any necessary documents and authorizing the taking of other necessary action in connection with the foregoing (**Man Dir**)

**Resolution** – authorizing the execution and approving an Interest Rate Management Plan; approving the form of a certain interest rate management agreement relating to its federally-taxable general obligation variable rate demand notes Series C of 2008 and its federally-taxable general obligation variable rate demand notes Series D OF 2008 and authorizing the taking of other necessary action in connection with the foregoing (Man Dir)

**Resolution** – authorizing the hiring of Daniel Cedeno as a Reading Police Officer (Police Dept)

**Resolution** – authorizing the hiring of Lee Niebel as a Reading Police Officer (Police Dept)

**Resolution** – authorizing the submission of an application to seek the reimbursement of monies expended to train Officer Daniel Cedenó

**Resolution** – authorizing the submission of an application to seek the reimbursement of monies expended to train Officer Lee Niebel

## **PUBLIC COMMENT – GENERAL MATTERS**

## **COUNCIL BUSINESS / COMMENTS**

## **COUNCIL MEETING SCHEDULE**

### **Monday, August 11<sup>th</sup>**

*Meeting with the Mayor – Mayor’s Office at 4 pm*

*Committee of the Whole – Council Office at 5 pm*

*Regular Meeting – Council Chambers at 7 pm*

### **Tuesday, August 12<sup>th</sup>**

*Meeting with Reading School Board – at 5:30 pm*

### **Wednesday, August 13<sup>th</sup>**

*HARB Appeal Hearing – Council Chambers at 5 pm*

### **Monday, August 18<sup>th</sup>**

*Meeting with the Mayor – Mayor’s Office at 4 pm*

*Public Works Committee – Council Office at 5 pm*

*Administrative Oversight and Land Use Committee – Council Office at 5 pm*

*Work Session – Penn Room at 7 pm*

### **Wednesday, August 20<sup>th</sup>**

*Zoning Public Hearing – Student Housing - Council Chambers at 5 p.m.*

### **Monday, August 25<sup>th</sup>**

*Meeting with the Mayor – Mayor’s Office at 4 pm*

*Committee of the Whole – Council Office at 5 pm*

*Regular Meeting – Council Chambers at 7 pm*

## **BAC AND COMMUNITY GROUP MEETING SCHEDULE**

**Monday, August 11**

Fire Civil Service Board – Penn Room – 4 pm

6<sup>th</sup> & Amity Neighborhood & Playground Assn – 6<sup>th</sup> & Amity Field House – 6:30 pm

Charter Board – Penn Room – 7 pm

**Tuesday, August 12**

Airport Authority – Airport Authority Office – 8:15 am

Water Authority Workshop – Penn Room – 4 pm

15-1 – 928 Pearl St – 6:30 pm

Planning Commission – Penn Room – 7 pm

Bethany Area Neighborhood Organization – Bethany Baptist Church – 7 pm

District 11 Crime Watch – Orthodox Presbyterian Church – 7 pm

**Wednesday, August 13**

Zoning Hearing Board – Penn Room – 5:30 pm

Center City Community Organization – Holy Cross Church – 6 pm

Greenwich Seed – Hope Lutheran Church – 7 pm

**Thursday, August 14**

Police Pension Board – Penn Room – 10 am

Southeast Community Council – Amanda Stoudt Elementary School – 7 pm

**Friday, August 15**

Fire Pension Board – Penn Room – 10 am

**Monday, August 18**

Library Board – 113 S 4<sup>th</sup> Street – 4 pm

**Tuesday, August 19**

Park and Recreation Advisory Committee – Olivet's, Pershing Blvd – 6 pm

Council of Neighborhoods – 11<sup>th</sup> & Pike Rec Center – 7:30 pm

HARB – Planning Conference Room – 7:30 pm

**Wednesday, August 20**

Officers and Employees Pension Board – Penn Room – 1:30 pm

Redevelopment Authority – Planning Conference Room – 5:30 pm

Community Hope of the 6<sup>th</sup> Ward – Lauer's Park Elementary School – 6:30 pm

UNO – Mennonite Church – 7 pm

Centre Park Historic District – Member's home – 7:30 pm

**Thursday, August 21**

Convention Center Authority – Sovereign Center CEI Lounge – 7 am

Dare 2 Care – Bethel AME Church – 5:30 pm

Southeast People's Voice – St. John's UCC – 6 pm

Mulberry & Green Citizens Committee – St. Luke's Lutheran Church – 6:30 pm

**Monday, August 25**

DID Authority – Reading Eagle 3<sup>rd</sup> Floor Conference Room – noon

BARTA – BARTA Office – 3 pm

Northwest Neighborhood Assn – Wesley United Methodist Church – 6:30 pm

Charter Board – Penn Room – 7 pm

Penn's Commons Neighborhood Group – Penn Commons Meeting Room – 7 pm

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**City of Reading City Council**

**Regular Meeting  
Monday, July 28, 2008**

A regular meeting of City Council was held on the above date for the transaction of general business.

Steve Fuhs, Vice President of Council, called the meeting to order.

The invocation was given by Reverend Calvin Kurtz from the Reading Berks Conference of Churches.

All present pledged allegiance to the flag.

**ATTENDANCE**

Councilor S. Fuhs, District 1  
Councilor M. Goodman–Hinnershitz, District 2  
Councilor D. Sterner, District 3  
Councilor S. Marmarou, District 4  
Councilor M. Baez, District 5  
Councilor J. Waltman, District 6

Mayor T. McMahon  
Acting Managing Director R. Hottenstein  
Public Works Director C. Jones  
City Solicitor C. Younger  
City Auditor D. Cituk  
City Clerk L. Kelleher  
Chief of Police W. Heim  
Lt. L. Carter



### **PROCLAMATIONS AND PRESENTATIONS**

Mike Schorn, from the Black Top Basketball Association, presented the City with a monetary donation to assist with the maintenance and care of the basketball area at City Park.

The Mayor issued a proclamation recognizing the 10<sup>th</sup> anniversary of Crime Alert Berks County.

Chief of Police Heim and the Reading Police Department issued a departmental commendation to Officer Scott Anuszewski recognizing his exemplary work with the community.

### **PUBLIC COMMENT**

There were no citizens registered to address Council this evening.

### **THE AGENDA AND THE MINUTES**

Council Vice President Fuhs called Council's attention to the agenda, including legislation under the Consent Agenda heading, and the minutes from the July 14<sup>th</sup> Regular Meeting of Council. He announced the removal of the resolution authorizing a memorandum of understanding for the Waste Water Treatment Plant Project from the agenda.

**Councilor Marmarou moved, seconded by Councilor Goodman-Hinnershitz, to approve the minutes from the July 14<sup>th</sup> Regular Meeting of Council and the agenda as amended, including the legislation listed under the consent agenda heading. The motion was approved unanimously.**

### **ADMINISTRATIVE REPORTS**

Mayor McMahon highlighted the report distributed to Council at the meeting covering the following:

- Announcing the 25<sup>th</sup> annual National Night Out scheduled for Tuesday August 5<sup>th</sup>
- Interviews for the Community Development Manager position concluding on August 15<sup>th</sup> and interviews for the Managing Directors position concluding on August 30<sup>th</sup>.
- Opening of the IMAX and Reading Movies at 6pm Friday August 8<sup>th</sup>.
- Last chance notice to property owners who are not in compliance with regulations requiring a housing permit, business license, and zoning permit for rental properties to be completed by August 15<sup>th</sup>.

Councilor Waltman questioned the rationale behind offering another last chance deadline for the housing permit process. He stated that the Administration has already extended the deadline several times for those who are still out of compliance. Mr. Hottenstein explained that this deadline includes property owners identified as non-compliant.

Councilor Goodman-Hinnershitz stated that people living in rental units must be sure they are living in safe properties. She noted the need for the City to be prepared to assist those evicted to find other shelter when non-compliant properties are shut down.

#### AUDITORS REPORT

City Auditor Dave Cituk introduced Jane Coles senior partner at Herbein & Company. Ms. Coles provided a synopsis of the external audit report prepared and presented to Council at the meeting.

Ms. Coles stated that the City closed out 2007 with a surplus of \$4.1 million. She explained that while revenue came in \$1.6 million over budget (combination of grants, fines, and fees), expenditures also came in \$3.7 million over budget. She stated the City received \$4.9 million in Federal awards, a combination of Housing and Urban development funds and \$3.1 million from CDBG.

Councilor Waltman questioned the \$3.7 million in over expenditures. Mr. Hottenstein asked Council to review pages 59 and 60 of the external audit which provides a detail by department.

City Auditor Cituk thanked Herbein and Company along with finance staff and his assistant Maria Rodriguez for their work to produce the 2007 external audit.

**ORDINANCES FOR FINAL PASSAGE**

**Bill No. 49–2008** – Storm Water Management (Public Works/Solicitor)  
*Introduced at the July 14 meeting*

Councilor Waltman moved, seconded by Councilor Goodman–Hinnershitz to table Bill 49–2008.

Bill 49–2008 was tabled by the following vote:

Yeas – Baez, Fuhs, Goodman–Hinnershitz, Marmarou, Sterner, Waltman,  
Spencer, President – 7  
Nays – 0

**Bill No. 50–2008** – amending the City’s Code of Ordinances, Chapter 24 Taxation, Part 5 by adding a provision relating to the business privilege tax regulation’s procedure for determining manufacturing exemptions and by adding a refund claim provision. (Tax Division and Law Department) *Introduced at the July 14 meeting*

Councilor Waltman moved, seconded by Councilor Baez to table Bill 50–2008.

Bill 50–2008 was tabled by the following vote:

Yeas – Baez, Fuhs, Goodman–Hinnershitz, Marmarou, Sterner, Waltman,  
Spencer, President – 7  
Nays – 0

Vice President of Council Fuhs referred Bill 50–2008 to the Finance Committee.

**Bill No. 51–2008** – Amending the 2008 Full–Time position Ordinance by reducing the number of police officers to 208 and the number of firefighters to 145. (Council Pres. Spencer) *Introduced at the July 14 meeting*

Councilor Waltman moved, seconded by Councilor Baez to table Bill 51–2008.

Bill 51–2008 was tabled by the following vote:

Yeas – Baez, Fuhs, Goodman–Hinnershitz, Marmarou, Sterner, Waltman,  
Spencer, President – 7  
Nays – 0

Vice President of Council Fuhs explained that this bill will be discussed when a full body is present.

#### INTRODUCTION OF NEW ORDINANCES

Vice President of Council Fuhs read the following ordinances into the record.

**Bill No. 43-2008** - amending the Housing Permit Ordinance by reducing the number of Disruptive Conduct Reports needed for the eviction of the tenant(s) to two and increasing the appeal fee from \$50 to \$75 (Council Public Safety Committee) *Introduced at the May 12 regular meeting; Tabled at the May 27 regular meeting*

**Ordinance** - Setting Forth Its Intent To Issue A Series Of General Obligation Bonds, Series E Of 2008 Of The City In The Aggregate Principal Amount Of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_)

**Ordinance** - Setting Forth Its Intent To Issue Two Series Of General Obligation Notes Designated As Series C Of 2008 And Series D Of 2008 Of The City In The

Aggregate Principal Amount Of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_)

Vice President Fuhs noted the need to include not to exceed figures in these draft Ordinances. Mr. Hottenstein explained that the true costs are not known due to mark of fluxuations. The actual cost will be included in the ordinances and will be prepared for enactment at the August 11<sup>th</sup> meeting.

**Vice President of Council Fuhs requested that these two ordinances be amended to add language “not to exceed 60 million dollars”. Mr. Hottenstein agreed adding that the estimated cast of the bond will be 52.5 million dollars.**

#### RESOLUTIONS

**Resolution 81–2008** – appointing John Caltagirone to the Legislative Aide Committee (**Administrative Oversight Committee**)

**Resolution 82–2008** – appointing Sonia Nina to the Board of Health (**Administrative Oversight Committee**)

**Resolution 83–2008** – appointing Janet Drayer to the Environmental Advisory Council (**Administrative Oversight Committee**)

**Resolution 84–2008** – reappointing Lillie Mathies to the Reading Housing Authority (**Administrative Oversight Committee**)

**The Administrative Oversight Committee moved to make appointments and reappointments to the Boards, Authorities, and Commissions.**

**Resolution 81 through 84–2008 were adopted by the following vote:**

**Yeas – Baez, Fuhs, Goodman–Hinnershitz, Marmarou, Waltman, Sterner –**

**3**

**Nays– 0**

Councilor Waltman moved to reconsider his vote on the Resolution awarding a contract to hire Weston Hill as the project and construction manager at the waste water treatment plant made on July 14<sup>th</sup>. Councilor Goodman-Hinnershitz seconded the motion.

Councilor Waltman explained that he will not support awarding this contract to Weston Hill unless he and Council are provided with an opportunity to review the proposals and interview Weston Hill.

The motion to reconsider the vote on the resolution awarding a contract to Weston Hill as the construction and project manager at the waste water treatment plant was approved by the following vote.

Yeas: Baez, Goodman-Hinnershitz, Sterner, Waltman-4

Nays: Fuhs, Marmarou -2

Councilor Waltman moved. Seconded by Councilor Baez to table the award of contract for the construction and project manager at the waste water treatment plant.

Motion to table the award of contract was approved by the following vote:

Yeas: - Baez, Fuhs, Goodman-Hinnershitz, Marmarou, Waltman, Sterner - 3

Nays- 0

#### COUNCIL COMMENT

Councilor Waltman commended those involved with the Black Top program noting the importance of providing activities for kids of all ages.

Councilor Sterner agreed noting how Black Top inter-mingles city and county children. He noted the quality of the Black Top League and its Organization.

Councilor Sterner announced the Crime Watch meeting scheduled for 13<sup>th</sup> & Green Elementary School on Wednesday July 30<sup>th</sup>. He also noted the upcoming community meeting at St. Mark's Lutheran Church on July 30<sup>th</sup>.

Councilor Goodman-Hinnershitz thanked the Black Top Organization for sponsoring this program and for assisting the City with the care and maintenance of the basketball area.

Councilor Goodman-Hinnershitz noted that the reformed PARC & Recreation Advisory Council will be holding their first meeting on Tuesday July 29<sup>th</sup> at the Olivet on Pershing Blvd.

Councilor Goodman-Hinnershitz thanked Vince Smith owner of Scrap Metal USA for working with the neighborhood to correct the various quality of life problems the re-opening this business has caused.

Councilor Marmarou stated that on Friday July 25<sup>th</sup> he had phone calls from residents from the 1500 block of N. 14<sup>th</sup> Street reporting that Albright students were moving into a property that was not a currently a student rental property. He stated that through Council Staff he was able to get this issue handled by codes and police. He thanked codes and police for their rapid response to this issue. He noted the discussions with the owner of the property led to some disgruntled remarks from the property owner. He noted that this property cannot become a student rental under the City's regulations as student houses cannot be located more than one in every eight hundred feet, approximately every one and one-half blocks. He stated that there are five to seven student rental houses in this one neighborhood.

Councilor Marmarou asked all residents in the area to be attentive and to report illegal activity promptly.

Councilor Marmarou announced the annual Ice Cream Social sponsored by the College Heights Community Council on Tuesday August 5<sup>th</sup> from 6-8 pm in Hampden Park.

Councilor Baez announced that the Glenside Community Group will be meeting on August 7<sup>th</sup> at 6:30 pm at the Jamestown Conference Hall. She also reported that the Baer Park neighborhood group will be meeting on Monday August 4<sup>th</sup> at 6:30 pm.

Vice President of Council Fuhs expressed his belief that Council's decision about the Award of Contract for the project and construction manager on July 14<sup>th</sup> requires the Administration to re-bid this contract. He questioned the Administration's relationship with Weston Hill and he also questioned the Administration's effort to maneuver several Council members to reconsider their vote which will delay a process that is already quite broken.

**Councilor Goodman–Hinnershitz moved, seconded by Councilor Sterner, to adjourn the Regular Meeting of Council.**

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Linda Kelleher  
City Clerk





CITY OF READING,  
PENNSYLVANIA

MEMORANDUM

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**TO:** Linda Kelleher, City Clerk  
Michelle Katzenmoyer, Deputy City Clerk  
**FROM:** Ryan Hottenstein, Acting Managing Director  
**DATE:** July 7, 2008  
**SUBJECT:** Passage of a resolution authorizing the Mayor to execute a  
2008 Action Plan amendment.

Community Development is asking City Council to approve the amendment at the **August 11, 2008** City Council meeting.

**BACKGROUND:** Approximately \$230,000 in un-programmed CDBG funding is currently available to re-program to the activity.

**BUDGETARY IMPACT:** None.

**PREVIOUS ACTION:** None

**SUBSEQUENT ACTION:** None.

**RECOMMENDED BY:** Mayor and Acting Managing Director.

**RECOMMENDED MOTION:** To amend the FFY2008 one year Action and the FFY2004 to FFY2008 five year Consolidated Plan to provide \$230,000 in un-programmed CDBG funds for renovations to Baer Park.

Cc: N. Nemeth  
B. Skimski  
H. Dunkle  
C. DeGroote  
C. Jones  
S. Lingle, Triad Associates



RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE COUNCIL OF THE CITY OF READING  
AUTHORIZING THE MAYOR TO EXECUTE A  
FFY2008 ONE YEAR ACTION PLAN  
AND FFY2004 TO FFY2008 FIVE YEAR CONSOLIDATED PLAN  
AMENDMENT**

**WHEREAS**, under 24 CFR Part 91, the U.S. Department of Housing and Urban Development (HUD) outlines the consolidated submissions for community planning and development programs which will serve as: (1) a planning document for the City that builds on a participatory process at the grass roots level, (2) an application for federal funds under HUD's formula grant program, (3) a strategy to be followed in carrying out HUD programs, and (4) an Action Plan that provides a basis for assessing performance;

**WHEREAS**, the FFY2004 to FFY2008 five year Consolidated Plan (30<sup>th</sup> to 34<sup>th</sup> CD years January 1, 2004 to December 31, 2008) and the FFY2008 one year Action Plan (34<sup>th</sup> CD year January 1, 2008 to December 31, 2008) have been prepared meeting HUD's requirements and providing guidance for addressing the housing and community development needs of the City;

**WHEREAS**, \$230,000 is available in CDBG funds to re-program for eligible and fundable activities.

**NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF READING THAT:**

The FFY2008 one year Action and FFY2004 to FFY2008 five year Consolidated Plans are amended to transfer \$230,000 in unprogrammed CDBG funds to create a new activity entitled as the Baer Park Improvements - 447 West Douglass Street. The improvements include (but are not limited to) removal of existing playground apparatus and the installation of new safety surface, playground apparatus, site furnishings, and ADA accessibility. The activity service area is composed of 68.4% low / moderate income persons. The activity's eligibility / fundability is low mod area 24CFR570.208(a)(1) / public facilities and improvements 24CFR570.201(c).

**The Mayor, on behalf of the City of Reading, is authorized and directed to execute the amendment to the satisfaction of HUD.**

**PASSED COUNCIL \_\_\_\_\_, 2008**

\_\_\_\_\_  
**PRESIDENT OF COUNCIL**

**ATTEST:**

\_\_\_\_\_  
**CITY CLERK**



# AGENDA MEMO

## FINANCE DEPARTMENT

**TO:** City Council  
**FROM:** Heather Dunkle, Purchasing Coordinator  
**PREPARED BY:** Heather Dunkle, Purchasing Coordinator  
**MEETING DATE:** August 11, 2008  
**AGENDA MEMO DATE:** August 4, 2008  
**RECOMMENDED ACTION:** Awarding of Contract for Highway Rock Salt for the Department of Public Works.

### RECOMMENDATION

The recommendation is to award the contract to American Rock Salt Co., LLC, P. O. Box 190, Mt. Morris, NY, 14510, at a bid price of \$62.23 per ton for delivered salt and \$60.00 for picked-up salt for the Department of Public Works. American Rock Salt Co. is the low bidder to meet the specifications.

### BACKGROUND

Bids for Highway Rock Salt for the Department of Public Works were received on July 1, 2008. This bid was issued by the Berks County Cooperative Purchasing Council (BCCPC) with the City being the lead municipality in the bidding procedures. The BCCPC combined the requirements of fifty one (51) municipalities to achieve better pricing due to higher estimated quantities.

A copy of the Schedule of Bids is attached for your review.

### BUDGETARY IMPACT

The Department of Public Works and Accounting have confirmed there are sufficient funds in budget account code 35-07-00-4795 to cover the cost of the salt needed in 2008. Additional funding for 2009 has been requested in the 2009 budget. The City anticipates purchasing approximately 3,000 tons of highway rock salt in the 2008-09 season. This would generate an estimated expense between \$180,000.00 and \$186,690.00, depending on whether the salt is picked-up or delivered.

### PREVIOUS ACTION

None

### SUBSEQUENT ACTION

Formal action by Council is needed to award the contract at the August 11, 2008 meeting.

**RECOMMENDED BY**

Mayor, Acting Managing Director, Directors of Public Works and Finance, Purchasing Coordinator, and the BCCPC.

**RECOMMENDED MOTION**

Approve/Deny the recommendation for the purchase of Highway Rock Salt in order that the contract may be awarded to American Rock Salt Co., LLC.

cc: File

July 1, 2008

To the Mayor  
City Hall  
Reading, PA

The following bids were opened and scheduled, with a Contract to be awarded or the bids rejected.

**BID NO. 7003-08 BERKS COUNTY COOPERATIVE PURCHASING COUNCIL BID  
FOR HIGHWAY ROCK SALT.**

**TO BE DELIVERED TO INDIVIDUAL MUNICIPALITIES  
AT THE LOCATIONS SPECIFIED**

<b><u>BIDDER</u></b>	<b><u>PRICE PER TON</u></b>
American Rock Salt Co., LLC P.O. Box 190 Mt. Morris, NY 14510	\$62.23
International Salt Company, LLC 655 Northern Boulevard Clarks Summit, PA 18411	\$78.04
Oceanport Industries, Inc. 6200 Philadelphia Pike P.O. Box 608 Claymont, DE 19703	\$85.58
Eastern Salt Company, Inc. 15 Tyngsboro Rd. North Chelmsford, MA 01863	\$86.00

**TOTAL FOR APPROX 19,793 TONS OF SALT**

<b><u>BIDDER</u></b>	<b><u>TOTAL PRICE</u></b>
American Rock Salt Co., LLC	\$1,231,718.39
International Salt Company, LLC	\$1,544,645.72
Oceanport Industries, Inc.	\$1,693,884.94
Eastern Salt Company, Inc.	\$1,702,198.00

TO BE PICKED-UP BY INDIVIDUAL MUNICIPALITIES AT THE STOCKPILE  
LOCATION SPECIFIED BY THE BIDDER

	<b>PRICE PER TON</b>
American Rock Salt Co., LLC	\$60.00
International Salt Company, LLC	\$78.00
Oceanport Industries, Inc.	\$75.00
Eastern Salt Company, Inc.	\$86.00

HEATHER DUNKLE  
Purchasing Coordinator

**ORDINANCE NO. \_\_\_\_\_**

**AMENDING CODE OF ORDINANCES OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, CHAPTER 24 TAXATION, PART 5 BY ADDING A PROVISION RELATING TO THE BUSINESS PRIVILEGE TAX REGULATION'S PROCEDURE FOR DETERMINING MANUFACTURING EXEMPTIONS AND BY ADDING A REFUND CLAIM PROVISION.**

**IT IS HEREBY ENACTED AND ORDAINED by the City Council of the City of Reading, Berks County, Pennsylvania, as follows:**

**SECTION 1: The text of Chapter 24, Part 5, §24-534 Products Manufactured or Grown in the City of Reading, is hereby amended to read as follows:**

**§ 24-534      Products Manufactured or Grown in the City of Reading.**

If claiming a manufacturing exemption, a written request detailing the nature of the operation must be made within thirty (30) days of commencement of business to the Tax Administration Manager. An inspection of the operation is required prior to a decision being rendered. Acceptance or rejection of the request will be issued by the Tax Administration Manager in writing. All gross receipts will be considered taxable until said decision regarding an exemption is issued. Under no circumstances will manufacturing exemptions be granted retroactively, nor will any refunds be granted for any Business Privilege Tax paid prior to a manufacturing exemption being approved in writing.

**SECTION 2: The text of Chapter 24, Part 5, Section 24-539(9) Refunds, is hereby amended to read as follows:**

**§24-539      Refund.**

A. Any tax payment made under protest which the City of Reading thereafter determines to have been improperly paid shall be refunded to the taxpayer together with interest thereon computed at 6% per annum from the date of payment to the date of refund.

B. In accordance with the Local Taxpayers' Bill of Rights, (Act 50 of 1998) 53 Pa.C.S. 8421 et seq., all refund requests must be made within three years of the due date for filing the report or tax return (with allowable extensions) or one year after actual payment of the tax, whichever is later. If no report or tax return is required for the tax, a taxpayer must make a refund claim within three years after the due date for payment of the eligible tax or within one year after actual payment of the tax, whichever is later. For amounts paid after receipt of an Assessment Notice, the taxpayer must make a request for a refund to the City of Reading within one year of the date of the payment. A tax return filed by the taxpayer showing an overpayment will also be deemed to be a request for a cash refund unless otherwise indicated.

**SECTION 3.** All other provisions of Chapter 24, Part 5 shall remain unchanged and in full force and effect.

**SECTION 4.** This Ordinance shall become effective in ten (10) days in accordance with Charter Section 219.

Enacted \_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

(LAW DEPT.)



**BILL NO. \_\_\_\_\_ 2008**  
**AN ORDINANCE**

**AN ORDINANCE AMENDING THE 2008 CITY OF READING FULL-TIME POSITION ORDINANCE BY REDUCING THE NUMBER OF POLICE OFFICERS TO 208 AND REDUCING THE NUMBER OF FIREFIGHTERS/EMS PERSONNEL TO 145.**

**SECTION 1.** Amending the 2008 City of Reading Full-Time Position Ordinance by reducing the number of Police Officers to 208 and reducing the number of Firefighters/EMS personnel to 145.

**SECTION 2.** This amendment to the Full-Time Position Ordinance will become effective in ten (10) days when approved in accordance with Section 221 of the City of Reading Home Rule Charter.

Enacted by Council \_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

*(Council President Spencer)*

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

BILL NO. \_\_\_\_\_-2008

AN ORDINANCE

**AN ORDINANCE AMENDING THE CITY OF READING ZONING ORDINANCE PER EXHIBIT "A," TO CREATE, ADD AND DEFINE THE USE OF STUDENT HOME AS A CONDITIONAL USE AND REQUIREMENTS THEREFORE IN THE CITY OF READING R-1A (RESIDENTIAL), R-1 (RESIDENTIAL) AND R-2 (RESIDENTIAL) ZONING DISTRICTS AND AS A PERMITTED USE IN R-3 (RESIDENTIAL) CITY OF READING ZONING DISTRICTS**

**THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:**

SECTION 1. The Zoning Ordinance of the City of Reading is amended per attached Exhibit "A," to create, add and define the use of Student Housing as a conditional use in the R-1A (RESIDENTIAL), R-1 (RESIDENTIAL) and R-2 (Residential) and as a Permitted Use In R-3 (Residential) City of Reading Zoning Districts.

SECTION 2. All property owners desiring to register their properties in R-1A (RESIDENTIAL), R-1 (RESIDENTIAL), and R-2 (Residential) City of Reading Zoning Districts as non-conforming of this Ordinance shall do so no later than sixty (60) days from adoption hereof. Said registration shall also require any property owner wishing to permit more than three (3) unrelated students to continue to reside in their properties. To obtain non-conforming status, however, under this provision (more than 3 unrelated) must be capable of proving such use was a legal rental unit that existed prior to the City's adoption of Ordinance 69-2005.

SECTION 3. All other provisions of the City of Reading Zoning Ordinance, Section 27-101 et seq. of the City of Reading Codified Ordinances shall remain unchanged and in full force and effect.

SECTION 4. Effectiveness of Ordinance. This Ordinance will become effective in accordance with Charter Section 219.

Enacted \_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk  
(LAW DEPT.)

# **EXHIBIT A**

**The City of Reading Zoning Ordinance**, Section 27-101 et seq. of the City of Reading Codified Ordinances is hereby amended and added to as follows:

## **PART 22**

### **DEFINITIONS/SPECIFIC WORDS AND PHRASES DEFINED**

**§27-2202. General Definitions** is hereby amended to amend or add the following words, terms and definitions:

**FAMILY** - one or more persons related by blood, marriage, adoption or foster relationship *or are the great-grandparent, great-grandchild, grandparent, grandchild, parent, child, brother, sister, aunt, uncle, niece, nephew, great uncle, great aunt, great nephew, great niece, or cousin less than to the second degree*, living together as a single housekeeping unit; or a group of not more than three unrelated persons over the age of 14 years, who are living together in a single dwelling unit and maintaining a common household with a single cooking facility. A roomer, boarder or lodger shall not be considered a member of the family. Shared housing arrangements, where the individuals are permanent or temporary "roommates," do not constitute family arrangements. The term "family" shall also not include the occupants of a clubhouse, hotel, motel, *student home or student housing, fraternity house, sorority house or dormitory.*

**ROOMMATE HOUSEHOLDS** - a shared housing arrangement where at least two, and no more than three persons not related by blood, marriage, adoption or foster relationship *or are not the great-grandparent, great-grandchild, grandparent, grandchild, parent, child, brother, sister, aunt, uncle, niece, nephew, great uncle, great aunt, great nephew, great niece, or cousin more than to the second degree* of each other live together in a single dwelling unit and/or a single housekeeping unit on a permanent or temporary arrangement. Any exception to this definition in number of persons in the occupancy arrangement requires approval as a special exception review by the Zoning Hearing Board. *Said definition or arrangement shall not include a such that fall within the definition of Student Home.*

**STUDENT** - An individual who is enrolled or has made application and been accepted at a university, college or trade school and whose primary occupation is as a student or who is on a semester or summer break from studies at a college, university or trade school or any combination of such persons. The term "student" shall apply to both undergraduate and graduate students alike. The residents of a student home share living expenses and may live and cook as a single housekeeping unit but may also only share access to cooking facilities and not live and cook as a single housekeeping unit.

**STUDENT HOME** - A living arrangement for at least two (2) students to a maximum of three students (3) (as defined in this chapter) unrelated by blood, marriage or legal adoption. The term Student Home shall not include dormitories, fraternity house or sorority house. The term Student Home shall be used interchangeable with the term Student Housing.

**STUDENT HOUSING** - See Student Home.

## PART 8

### DISTRICTS

## PART 8

### DISTRICTS

§27-801 R-1A is hereby amended to add Student Home as a special exception use as follows:

SPECIAL EXCEPTION USES:

All uses listed below shall be pursuant to §27-1202 of this Chapter

[illegible]

## PART 8

### DISTRICTS

## PART 8

### DISTRICTS

§27-802 R-1 is hereby amended to add Student Home as a special exception use as follows:

SPECIAL EXCEPTION USES:

All uses listed below shall be pursuant to §27-1202 of this Chapter

[illegible]

## PART 8

### DISTRICTS

§27-803 R-2 is hereby amended to add Student Home as follows:

SPECIAL EXCEPTION USES:

All uses listed below shall be pursuant to §27-1202 of this Chapter

[illegible]

## PART 8

### DISTRICTS

## PART 8

### DISTRICTS

§27-804 R-3 is hereby amended to add Student Home as follows:

PERMITTED USES:

A student home is as added as a permitted.

[illegible]



**PART 12**  
**PROVISIONS FOR SPECIAL EXCEPTION AND CONDITIONAL USES**

**§27-1202. Conditions for Special Exception Uses** is hereby amended to add Student Home as a special exception in the R-1A, R-1 and R-2 City of Reading Zoning Districts:

27-1202(18) Student Home as defined herein shall be permitted in the City of Reading Zoning Districts R-1A and R-1 and R-2, provided that the following standards are met, all requirements therefor under this Ordinance, along with any other stipulations set forth by the Zoning Hearing Board:

A. A site plan and architectural plans, drawn to scale. These plans must show the location and dimensions of off-street parking, private entrances, walkways, the dimensions and square footage of each room and storage space and shall indicate the intended use of each room.

B. The roommate housing arrangement must meet the standards of the City of Reading building, housing and fire codes as required for residential rental properties. The owner must verify to the City of Reading on an annual basis that the building meets all of the plumbing, electrical, heating, building, fire, and similar standards set by the City and by the Commonwealth of Pennsylvania.

C. No cooking facilities of any kind shall be located in any room except the central kitchen.

D. Every bedroom shall be at least 70 square feet of floor area and there shall be no more than two occupants per bedroom.

E. No basement or cellar shall be used as a habitable bedroom except by special approval and variance.

F. No Student Home shall be located within 500 linear feet of any other lot on which is established a Student Home, except by variance, measured by the shortest distance between the two lots where the proposed student home is located (including but not limited to each existing student home use located in any district which is of a different designation than the district in which the new student home use is proposed).

G. The one-family dwelling has a floor area of at least 1,000 square feet exclusive of basements, garages and accessory buildings.

H. A student home shall not be located within 500 feet of a group home, group quarters institution, church, educational use, housing for the elderly or home for handicapped individuals. The distance between the two uses shall be measured by the shortest distance between the lot on which the proposed student home will be located and the lot or lots

which contain the existing uses.

I. A student home shall meet the area and bulk requirements for a one-family dwelling in the applicable zoning district where such use is proposed.

J. The owner of the student home, or the agent or manager of the student home, shall annually register the student home with the Codes Enforcement Division on a form provided by the City of Reading. If the owner of the student home fails to maintain a current registration of his or her student home, the Zoning Officer shall enforce such condition in accordance with **§27-201 et seq** of this chapter.

K. If the one family dwelling where the student home is proposed cannot meet the parking requirements set forth in **§ 27-1603DD** herein, the Zoning Hearing Board may still authorize the special exception with the condition that the number of occupants which may reside at the student home shall be limited to the number of off-street parking spaces provided at the one family dwelling.

**PART 16**

**OFF-STREET PARKING AND LOADING**

**§27-1603. Off-Street Parking Standards** is hereby amended to add the following:

DD: Student Home –

R-1A and R-1: one space per every occupant which would be permitted to reside in the dwelling up to a maximum of three (3), plus one additional, subject to the provisions of § 27-1202(18).

R-2: one space per every occupant which would be permitted to reside in the dwelling up to a maximum of three (3), plus one additional, subject to the provisions of § 27-1202(18).

BILL NO. \_\_\_\_\_ 2008

**AN ORDINANCE**

**AN ORDINANCE AMENDING THE FY 2006-2012 CAPITAL IMPROVEMENT PLAN  
FOR THE CITY OF READING.**

**SECTION 1.** The City Council amends the FY 2006-2012 Capital Improvement Program totaling \$26,631,666.00 of debt financing which, when compared to the FY 2006-2011 approved Capital Improvements Program will reflect deletions, insertion, postponements and rescheduling of certain capital projects and establishes levels of funding for each of the four remaining plan years; and

**SECTION 2.** The proposed amendments are set forth in Exhibit A, as attached hereto and made a part hereof.

**SECTION 3.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Section 221 of the City of Reading Home Rule Charter.

Enacted \_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

# **EXHIBIT A**

**CITY OF READING  
CAPITAL IMPROVEMENTS PROGRAM  
FY 2006 - FY 2012**

PROJECT	YEAR	PROJ. COST	DEBT FINANCING	EXPENDITURES TO DATE	BALANCE	AMENDMENT	NEW BUDGET	STATUS
<b>2006</b>								
<b>FIRE</b> REPLACE RESCUE 1	2006	\$450,000.00	\$450,000.00	\$462,441.00	(\$12,441.00)	\$12,441.00	\$462,441.00	COMPLETED
<b>IT</b> DISASTER RECOVERY	2006	\$1,250,000.00	\$1,250,000.00	\$1,252,025.00	(\$2,025.00)	\$2,025.00	\$1,252,025.00	COMPLETED
<b>IT</b> Uninterrupted Power Source	2006	\$67,000.00	\$67,000.00	\$16,900.00	\$50,100.00	\$0.00	\$67,000.00	IN PROGRESS
<b>IT</b> PURCHASE GIS SYSTEM FOR CITYWIDE*	2006	\$3,000,000.00	\$750,000.00	\$91,779.00	\$658,221.00	(\$568,221.00)	\$181,779.00	IN PROGRESS
<b>FIRE</b> BUILD OAKBROOK FIRE STATION	2006	\$1,500,000.00	\$1,500,000.00	\$428,058.00	\$1,071,942.00	\$1,200,000.00	\$2,700,000.00	IN PROGRESS
<b>POLICE</b> RANGE CLASSROOM ADDITION	2006	\$52,000.00	\$52,000.00	\$0.00	\$52,000.00	\$200,000.00	\$252,000.00	IN PROGRESS
<b>PW PUBLIC PROPERTY</b> CITY HALL ROOF	2006	\$100,000.00	\$100,000.00	\$7,000.00	\$93,000.00	\$0.00	\$100,000.00	IN PROGRESS
<b>Penn Street Bridge Lighting Repairs</b>	2006	\$87,000.00	\$87,000.00	\$0.00	\$87,000.00	\$0.00	\$87,000.00	PROGRESS
<b>PW HIGHWAYS</b> SALT BRINE EQUIPMENT	2006	\$50,000.00	\$50,000.00	\$33,393.00	\$16,607.00	(\$16,607.00)	\$33,393.00	COMPLETED
<b>LIBRARY</b> NORTHWEST BRANCH REPAIRS	2007	\$60,000.00	\$60,000.00	\$17,000.00	\$43,000.00	\$0.00	\$60,000.00	IN PROGRESS
<b>POLICE</b> EVIDENCE ROOM EXPANSION	2006	\$200,000.00	\$200,000.00	\$10,472.00	\$189,528.00	\$50,000.00	\$250,000.00	PROGRESS
<b>PW PUBLIC PROPERTY</b> STADIUM HIGH MAST REPLACEMENT	2006	\$152,000.00	\$152,000.00	\$115,290.00	\$36,710.00	(\$36,710.00)	\$115,290.00	COMPLETED
<b>PW RECREATION</b> BAER PARK PLAYGROUND RENOVATION	2006	\$100,000.00	\$50,000.00	\$3,975.00	\$46,025.00	\$0.00	\$50,000.00	IN PROGRESS
<b>IT</b> AC Unit	2006	\$100,000.00	\$100,000.00	\$100,000.00	\$0.00	\$0.00	\$100,000.00	COMPLETED
<b>TOTAL</b>		\$7,168,000.00	\$4,868,000.00	\$2,538,333.00	\$2,329,667	\$842,928	\$5,710,928.00	
<b>2007</b>								
<b>FIRE</b> REPLACE ENGINE 14	2007	\$475,000.00	\$475,000.00	\$473,538.00	\$1,462.00	(\$1,462.00)	\$473,538.00	COMPLETED
<b>POLICE</b> Downtown Camera Network	2007	\$1,785,000.00	\$390,000.00	\$91,560.00	\$298,440.00	\$0.00	\$390,000.00	IN

								PROGRESS
								IN
LIBRARY MAIN BRANCH RENOVATION	2007	\$140,000.00	\$140,000.00	\$0.00	\$40,000.00	(\$100,000.00)	\$40,000.00	PROGRESS
PW RECREATION CITY PARK RENOVATION	2007	\$1,050,000.00	\$1,500,000.00	\$49,504.00	\$1,450,496.00	\$0.00	\$1,500,000.00	COMPLETED
PW HIGHWAYS TRASH COMPACTOR TRUCK	2007	\$120,000.00	\$120,000.00	\$103,394.00	\$16,606.00	(\$16,606.00)	\$103,394.00	COMPLETED
								IN
PW PUBLIC PROPERTY BANDSHELL REHABILITATION	2007	\$80,000.00	\$80,000.00	\$45,337.00	\$34,663.00	\$0.00	\$80,000.00	PROGRESS
								IN
PW PUBLIC PROPERTY Pagoda Renovations	2007	\$1,443,900.00	\$1,443,900.00	\$100,468.00	\$343,432.00	\$0.00	\$1,443,900.00	PROGRESS
PW HIGHWAYS DUMP TRUCK	2007	\$110,000.00	\$110,000.00	\$64,615.00	\$45,385.00	(\$64,615.00)	\$45,385.00	COMPLETED
								IN
PW RECREATION BAER PARK PLAYGROUND RENOVATION	2007	\$100,000.00	\$50,000.00	\$3,975.00	\$46,025.00	\$0.00	\$50,000.00	PROGRESS
								IN
PW RECREATION Hillside Playground Renovation	2007	\$70,000.00	\$60,000.00	\$2,230.00	\$57,770.00	\$0.00	\$60,000.00	PROGRESS
								IN
PW SKYLINE DRIVE WALL REPAIR	2007	\$171,500.00	\$171,500.00	\$0.00	\$171,500.00	\$0.00	\$171,500.00	PROGRESS
PW TRAFFIC ENGINEERING BUCKET TRUCK	2007	\$70,000.00	\$70,000.00	\$21,740.00	\$48,260.00	(\$48,260.00)	\$21,740.00	COMPLETED
PW RECREATION SCHLEGEL PARK POOL REPLASTER/TILE	2007	\$150,000.00	\$150,000.00	\$202,100.00	(\$52,100.00)	\$52,100.00	\$202,100.00	COMPLETED
PW TRAFFIC ENGINEERING HANDICAP RAMPS	2007	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
								IN
PW PUBLIC PROPERTY 6 & PENN COURTYARD UPGRADE	2007	\$120,000.00	\$120,000.00	\$0.00	\$12,000.00	\$0.00	\$120,000.00	PROGRESS
PW PUBLIC PROPERTY ATHLETIC FIELD LIGHTING	2007	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
PW PARKS City Park Pond Remediation & Water Feature	2007	\$230,000.00	(\$230,000.00)	\$0.00	\$0.00	(\$230,000.00)	\$0.00	CDBG
								IN
PW FLEET GARAGE OVERHEAD LUBRICATION SYSTEM	2007	\$114,666.00	\$114,666.00	\$0.00	\$114,666.00	\$0.00	\$114,666.00	PROGRESS
TOTAL		\$6,330,066.00	\$4,665,066.00	\$1,158,461	\$2,628,605	(\$508,843)	\$4,816,223.00	

2008								
FIRE BUILD PENN STREET FIRE STATION	2008	\$2,500,000.00	\$2,500,000.00	\$0.00	\$2,500,000.00	(\$2,500,000.00)	\$0.00	DELETED
								IN
PW PUBLIC PROPERTY STADIUM FIELD LIGHTING UPGRADES	2007	\$60,000.00	\$60,000.00	\$0.00	\$60,000.00	\$0.00	\$60,000.00	PROGRESS
								IN
PW PUBLIC PROPERTY STADIUM HIGH MAST PAINTING	2007	\$50,000.00	\$50,000.00	\$0.00	\$50,000.00	\$0.00	\$50,000.00	PROGRESS
PW PUBLIC PROPERTY CITY HALL BRASS RESTORATION	2007	\$75,000.00	\$75,000.00	\$0.00	\$75,000.00	(\$75,000.00)	\$0.00	DELETED

CD OUTDOOR FURNISHINGS	2007	\$60,000.00	\$60,000.00	\$0.00	\$60,000.00	(\$60,000.00)	\$0.00	DELETED
PW RECREATION 3rd & SPRING PLAYGROUND RENOVATION	2008	\$160,000.00	(\$80,000.00)	\$0.00	\$0.00	(\$80,000.00)	\$0.00	CDBG
PW RECREATION BAER PARK FIELD HOUSE RENOVATION	2008	\$100,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
IT Hardware	2008	\$126,000.00	\$126,000.00	\$0.00	\$126,000.00	\$0.00	\$126,000.00	IN PROGRESS
PW RECREATION Angelica Nature Center	2008	\$1,000,000.00	\$1,000,000.00	\$0.00	\$1,000,000.00	\$0.00	\$1,000,000.00	IN PROGRESS
IT Software	2008	\$365,000.00	\$365,000.00	\$0.00	\$365,000.00	\$0.00	\$365,000.00	DELETED
HR SECURITY City Hall	2008	\$30,600.00	\$30,600.00	\$0.00	\$30,600.00	(\$30,600.00)	\$0.00	DELETED
PLANNING Green Roof for City Hall	2008	\$336,000.00	\$336,000.00	\$0.00	\$336,000.00	(\$336,000.00)	\$0.00	DELETED
PW PARKS Duryea Drive Guard Rails	2009	\$230,000.00	\$230,000.00	\$0.00	\$230,000.00	\$0.00	\$230,000.00	IN PROGRESS
COUNCIL MULTIMEDIA UPGRADE Council Chambers	2008	\$250,000.00	\$250,000.00	\$0.00	\$250,000.00	(\$250,000.00)	\$0.00	DELETED
<b>TOTAL</b>		<b>\$5,342,600.00</b>	<b>\$4,952,600.00</b>	<b>\$0.00</b>	<b>\$5,082,600.00</b>	<b>(\$3,381,600.00)</b>	<b>\$1,831,000.00</b>	

<b>2009</b>								
PW HIGHWAYS FRONT END LOADER	2008	\$175,000.00	\$175,000.00	\$0.00	\$175,000.00	\$0.00	\$175,000.00	
PW HIGHWAYS STREET SWEEPERS	2007	\$300,000.00	\$300,000.00	\$0.00	\$300,000.00	\$0.00	\$300,000.00	
PW FLEET BIG TRUCK LIFT	2008	\$50,000.00	\$50,000.00	\$0.00	\$50,000.00	(\$50,000.00)	\$0.00	DELETED
PW TRAFFIC ENGINEERING HANDICAP RAMPS	2007	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
FIRE BUILD NEW HAMPDEN/MARION FIRE STATION	2009	\$2,500,000.00	\$2,500,000.00	\$0.00	\$2,500,000.00	(\$2,500,000.00)	\$0.00	DELETED
PW RECREATION NORTHMONT PLAYGROUND RENOVATION	2009	\$160,000.00	(\$80,000.00)	\$0.00	\$0.00	(\$80,000.00)	\$0.00	CDBG
MAYORS OFFCIE First Energy Stadium Repair	2009	\$26,000,000.00	\$1,300,000.00	\$0.00	\$1,300,000.00	\$0.00	\$1,300,000.00	IN PROGRESS
PW STREETS Bridge Repair	2009	\$450,000.00	\$450,000.00	\$0.00	\$450,000.00	\$0.00	\$450,000.00	
PW PARKS City Hall Improvements	2009	\$250,000.00	\$250,000.00	\$0.00	\$250,000.00	(\$250,000.00)	\$0.00	DELETED
<b>TOTAL</b>		<b>\$29,935,000.00</b>	<b>\$4,895,000.00</b>	<b>\$0</b>	<b>\$5,025,000</b>	<b>(\$2,930,000)</b>	<b>\$2,225,000.00</b>	

<b>2010</b>								
CED African American Museum Site Preparation	2007	\$6,170,000.00	\$500,000.00	\$0.00	\$500,000.00	\$0.00	\$500,000.00	IN PROGRESS
LIBRARY SOUTHEAST BRANCH REPAIRS	2008	\$70,000.00	\$70,000.00	\$0.00	\$70,000.00	\$0.00	\$70,000.00	
CED ALLEY AND ROW IMPROVEMENTS	2008	\$250,000.00	\$200,000.00	\$0.00	\$200,000.00	(\$200,000.00)	\$0.00	DELETED



PW PUBLIC PROPERTY ATHLETIC FACILITIES LIGHTING	2008	\$50,000.00	\$50,000.00	\$0.00	\$50,000.00	(\$50,000.00)	\$0.00	DELETED
PW TRAFFIC ENGINEERING HANDICAP RAMPS	2008	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
PW PARKS FRONT END LOADER	2009	\$120,000.00	\$120,000.00	\$0.00	\$120,000.00	(\$120,000.00)	\$0.00	DELETED
PW HIGHWAYS STREET SWEEPERS	2009	\$300,000.00	\$300,000.00	\$0.00	\$300,000.00	(\$300,000.00)	\$0.00	DELETED
LIBRARY MAIN BRANCH EXPANSION	2010	\$8,000,000.00	\$2,000,000.00	\$0.00	\$2,000,000.00	(\$2,000,000.00)	\$0.00	DELETED
PW RECREATION KEFFER PARK FIELD HOUSE RENOVATION	2008	\$100,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
IT Hansen Dynamic Portal	2008	\$286,000.00	\$286,000.00	\$0.00	\$286,000.00	\$0.00	\$286,000.00	IN PROGRESS
<b>TOTAL</b>		<b>\$15,396,000.00</b>	<b>\$3,426,000.00</b>	<b>\$0</b>	<b>\$3,526,000</b>	<b>(\$2,770,000)</b>	<b>\$856,000.00</b>	

<b>2011</b>								
PW HIGHWAYS STREET SWEEPERS	2010	\$300,000.00	\$300,000.00	\$0.00	\$300,000.00	(\$300,000.00)	\$0.00	DELETED
PW PARKS GROUNDMASTER TRACTOR	2010	\$50,000.00	\$50,000.00	\$0.00	\$50,000.00	\$0.00	\$50,000.00	
LIBRARY New NW Branch	2011	\$1,800,000.00	\$1,800,000.00	\$0.00	\$1,800,000.00	(\$1,800,000.00)	\$0.00	DELETED
PW PUBLIC PROPERTY ATHLETIC FACILITIES LIGHTING	2010	\$50,000.00	\$50,000.00	\$0.00	\$50,000.00	(\$50,000.00)	\$0.00	DELETED
LIBRARY NORTHEAST BRANCH REPAIRS	2009	\$70,000.00	\$70,000.00	\$0.00	\$70,000.00	\$0.00	\$70,000.00	
PW TRAFFIC ENGINEERING HANDICAP RAMPS	2008	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
PW TRAFFIC ENGINEERING HANDICAP RAMPS	2008	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	(\$50,000.00)	\$0.00	CDBG
CD/PLANNING Whitewater Park	2007	\$522,810.00	\$525,000.00	\$0.00	\$525,000.00	(\$525,000.00)	\$0.00	DELETED
PW RECREATION PENDORA PARK FIELD HOUSE RENOVATION	2008	\$200,000.00	(\$100,000.00)	\$0.00	\$0.00	(\$100,000.00)	\$0.00	CDBG
LIBRARY BOOK MOBILE REPLACEMENT	2010	\$120,000.00	\$120,000.00	\$0.00	\$120,000.00	(\$120,000.00)	\$0.00	CDBG
CED ALLEY AND ROW IMPROVEMENTS	2009	\$250,000.00	\$250,000.00	\$0.00	\$250,000.00	(\$250,000.00)	\$0.00	DELETED
CED ALLEY AND ROW IMPROVEMENTS	2010	\$250,000.00	\$250,000.00	\$0.00	\$250,000.00	(\$250,000.00)	\$0.00	DELETED
PW PUBLIC PROPERTY STADIUM FIELD LIGHTING UPGRADES	2010	\$60,000.00	\$60,000.00	\$0.00	\$60,000.00	\$0.00	\$60,000.00	
<b>TOTAL</b>		<b>\$3,772,810.00</b>	<b>\$3,275,000.00</b>	<b>\$0</b>	<b>\$3,475,000</b>	<b>(\$3,495,000)</b>	<b>\$180,000.00</b>	

<b>Total CIP</b>		<b>\$67,944,476.00</b>	<b>\$26,081,666.00</b>	<b>\$3,696,794</b>	<b>\$22,066,872</b>	<b>(\$12,242,515)</b>	<b>#####</b>	
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Notes:

1. The stadium high mast replacement project is proposed to remain unscheduled until final determination of whether to renovate or re-locate Municipal Stadium is made.
2. Although street paving is budgeted every year, the magnitude of the effort is beyond the City's financial capacity, thus proposing State and Federal funding. The project could be debt financed, but the life of a road is less than 10 years making it a poor candidate for such funding.

BILL NO. \_\_\_\_\_-2008

**A N O R D I N A N C E**

**AMENDING CHAPTER 11 HOUSING - RENTAL OF  
THE CITY OF READING CODIFIED ORDINANCES**

**THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1:** Chapter 11 entitled Housing - Rental is amended as follows:

**SECTION 11-102 DEFINITIONS** is hereby amended to added the following terms and definition:

**STUDENT** - An individual who is enrolled or has made application and been accepted at a university, college or trade school and whose primary occupation is as a student or who is on a semester or summer break from studies at a college, university or trade school or any combination of such persons. The term "student" shall apply to both undergraduate and graduate students alike. The residents of a student home share living expenses and may live and cook as a single housekeeping unit but may also only share access to cooking facilities and not live and cook as a single housekeeping unit.

**STUDENT HOME** - A living arrangement for at least two (2) students to a maximum of three students (3) (as defined in this chapter) unrelated by blood, marriage or legal adoption. The term Student Home shall not include dormitories, fraternity house or sorority house. The term Student Home shall be used interchangeable with the term Student Housing.

**STUDENT HOUSING** - See Student Home.

Section 104 Application for Permit Subsection 14 (§11-104(14)) of the Codified Ordinances is hereby deleted. The remaining subsections of Section 104 are renumbered accordingly, 11-104(15) is now 11-104(14), 11-104(16) is now 11-104(15) and 11-104(17) is now 11-104(16).

**Comment [m1]:** Section required payment of all municipal fees to obtain permit. In light of recent caselaw which prohibits such requirement recommended it be removed

**SECTION 11-118 TENANT INFORMATION** is hereby amended so that Paragraph 1 of said Section shall read in its entirety as follows:

In addition to supplying information of the tenants of the dwelling unit or rooming unit on the initial or renewal application for a Rental Permit, the owner or the local responsible agent shall on or before March 1 and August 1 of each year shall provide to the City of Reading Codes Enforcement Division on a form prepared and provided by said Division information of all tenants or other persons, including children under 18 years of age, occupying the dwelling unit or rooming room for which they are required to have a Rental Permit the full name, unit, floor or apartment number / designation and term of lease, date of entry and anticipated departure date. ***Landlord shall further indicate on said form if the dwelling unit or rooming unit is Student Housing and if said tenants are Students.***

Section 124 Disruptive Conduct Subsection C Eviction (§11-124(C)) is amended to read in its entirety as follows:

After ~~three (3)~~ two (2) disruptive conduct incidents in any 12-month period by an the occupant documented by disruptive conduct reports, the owner or local responsible agent shall have ten (10) working days from the date of his/her receiving the notice to begin eviction proceedings against the occupants. ***The owner or local responsible agent shall diligently pursue the eviction of the occupants as required herein. Diligent pursuit of the eviction of said occupants shall include but not be limited to prosecution of the eviction proceeding, participation with follow through any appeal and obtain possession of the property.*** This paragraph is not intended to limit or inhibit the owner or local responsible agent's right to initiate eviction actions prior to the second disruptive conduct incident.

Section 124 Disruptive Conduct Subsection G Report Against All Occupants (§11-124(G)) shall be amended to read in its entirety as follows:

The content of the disruptive conduct report shall count against all occupants of the rental unit. The content of the disruptive conduct report shall not count against all occupants of the rental unit if the complaint is initiated by one of the rental unit occupants. ***More than one disruptive conduct report filed against the occupants of a rental unit in a 24-hour period shall count as a single disruptive conduct report for the purpose of the preceding paragraph.***

Section 124 Disruptive Conduct Subsection (H) Maintenance of List of Evicted Occupants (§11-124(H)) shall be renamed and amended to read in its entirety as follows:

***H. MAINTENANCE OF LIST OF DISRUPTIVE CONDUCT REPORT TENANTS AND OCCUPANTS AND EVICTED OCCUPANTS***

*The Codes Enforcement Office shall maintain a list of the names of all occupants and tenants against whom a Disruptive Conduct Report is issued as a result of this Ordinance. The Codes Enforcement Division shall also maintain a list of all occupants and tenants evicted as a result of this Ordinance. The names shall remain on the list for a period of five (5) years.*

Section 125 Housing Board of Appeals Subsection (A) Appeals (§11-125(A)) shall be amended to read in its entirety as follows:

Any person aggrieved by any decision of a police officer or public officer in regard to a disruptive conduct report or the suspension, nonrenewal, denial or revocation of a Rental Permit, may appeal to the Housing Board of Appeals. Such appeal must be filed, in writing *with the Manager of the Codes Enforcement Division*, with the appropriate filing fee within ten (10) working days from the date of receipt of the disruptive conduct report or notice of revocation.

Section 125 Housing Board of Appeals Subsection (C) Powers (§11-125(C)) is hereby amended to add a new paragraph 6 to read as follows and renumber the existing paragraph 6 to paragraph 7:

**6. OATHS AND SUBPOENAS.**

The Board shall have power to administer oaths and issue subpoenas to compel the attendance of witnesses and the production of relevant documents and papers, including witnesses and documents requested by the parties.

Section 125 Housing Board of Appeals Subsection (E) Affect of Appeals (§11-125(E)) shall be amended to read in its entirety as follows:

**E. AFFECT OF APPEALS**

Any decision or order issued under, per and in accord with this Chapter shall be held in abeyance upon the timely filing of an appeal thereof with the Housing Board of Appeals ~~or an appeal of a decision thereof to the Court of Common Pleas of Berks County.~~ Said abeyance shall include but not be limited to revocation, suspension, denial or nonrenewal of a Rental Permit until the appeal is resolved. An appeal of the ~~third~~ two disruptive conduct report within a twelve (12) month period shall stop the eviction proceedings against the occupants until the appeal is resolved, only if the eviction proceedings were a direct result of the ~~third~~ disruptive conduct report.

Section 125 Housing Board of Appeals Subsection (F) Enforcement Upon Resolution of Appeal of Housing Board (§11-125(F)) shall be amended to read in its entirety as follows:

**F. ENFORCEMENT UPON RESOLUTION OF APPEAL OF HOUSING BOARD**

If this appeal is of a ~~third~~ second disruptive conduct report and the decision of the police officer or public officer has been affirmed, ~~and no appeal is pending, within ten (10) working days after the expiration of the time for filing an appeal has expired and time for compliance as required by the decision of the Housing Board of Appeals or Court of Common Pleas,~~ the public officer shall reinspect to determine compliance as to whether the occupant has voluntarily moved from the premises or the owner has initiated eviction proceedings.

If, when so required by a ~~third~~ second disruptive conduct report, the occupant has not voluntarily moved or the owner has not initiated eviction proceedings, ~~and there is no appeal pending, the time for filing an appeal~~ and for compliance as required by the decision of the Board has expired, the public officer shall institute revocation of the rental permit per the provisions set forth in this Chapter.

Section 125 Housing Board of Appeals Subsection (G) Fee (§11-125(G)) shall be renamed and amended to read in its entirety as follows:

**G. FEE AND COSTS**

The fee for filing of an Appeal to the Housing Board of Appeals shall be \$75. Failure to submit the appropriate fee with the request for an appeal shall result in automatic denial of the appeal. *In addition to said fee, the Appellant shall be responsible for all costs incurred to conduct a hearing beyond that covered by the fee.*

Comment [m2]: Was \$50.

Section 126 Appeal to Court of Common Pleas (§11-126) shall be amended to read in its entirety as follows:

**§11-126 APPEAL TO COURT OF COMMON PLEAS**

Any person, including the police officer or public officer for the City, aggrieved by any decision of the *Housing Board of Appeals*, may appeal to the Court of Common Pleas of Berks County. Such appeal shall be made by a duly verified petition in accord with the Pennsylvania Rules of Civil Procedure and shall set forth the factual and legal basis upon which the decision of the Board is alleged to be incorrect or illegal, in whole or in part. Said petition shall be filed with the Court of Common Pleas *within thirty (30) days after service of the decision. Notice of the appeal shall be served upon all parties to the appeal before the Housing Board of Appeals, including the Board and City of Reading, at the time of its filing. An appeal to the Court of Common Pleas of a decision of the Housing Board of Appeals shall not hold automatically stay enforcement of the Board's decision.*

**SECTION 2:** *All references to three or third disruptive conduct report(s) throughout the Ordinance shall be amended to refer to second disruptive conduct report.*

**SECTION 3:** *Part 2 Landlord Tenant Reports all parts thereunder including but not limited to Section 11-201 of the Housing Ordinance, particularly that existing prior to adoption of the current Housing-Rental Ordinance in July 2007 is deleted and removed from the Housing-Rental Ordinance and permitting processing. In lieu of said provision information received by the Codes Office on*

*the Tenant Listing required herein shall be available to the Tax Office upon their request.*

**SECTION 4:** *Part 3 Waiver of Fees all parts thereunder including but not limited to Section 11-301 of the Housing Ordinance, particularly that existing prior to adoption of the current Housing-Rental Ordinance in July 2007 is renumbered to Part 2 Waiver of Fees and Section 11-201. Said amended which provide for addition and/or renumbering of this section so that it now reads as follows:*



**PART 2**  
**WAIVER OF FEES**

**§11-201. Waiver of Fees.**

1. Certain nonprofit agencies are unique in the City because they:
  - A. Provide owner occupied housing.
  - B. Create taxable projects.
  - C. Offer 0% mortgage to the homeowner of a project.
  - D. Have an all-volunteer labor pool.
  - E. Create homeownership opportunities for low income families who perform sweat equity on the rehabilitation or construction of their homes.
2. The fees payable to the City for the rehabilitation or construction of single family residences in Reading, by organizations meeting the above criteria be waived and that the said waiver shall not pertain to City, County or School taxes which may become due and payable on these properties during or subsequent to the construction period.
3. Request for waiving the fees shall be submitted to and approved by the City prior to commencing the project(s).

**SECTION 5:** All relevant ordinances, regulations, remaining sections of Chapter 11 Housing – Rental Ordinance and policies of the City of Reading, Pennsylvania not amended hereby shall remain in full force and effect.

**SECTION 6:** If any section, subsection, sentence or clause of this ordinance is held, for any reason, to be invalid, such decision shall not affect the validity of the remaining portions of the Ordinance.

**SECTION 7:** This Ordinance shall become effective in ten (10) days, in accordance with Charter Section 219.

Enacted \_\_\_\_\_, 2008

\_\_\_\_\_  
Council President

Attest:

\_\_\_\_\_  
City Clerk

(LAW)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

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CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

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ORDINANCE  
Enacted August 11, 2008

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\$ \_\_\_\_\_  
FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND BONDS  
SERIES E OF 2008

\*\*\*\*\*

STEVENS & LEE, BOND COUNSEL  
111 NORTH SIXTH STREET  
READING, PENNSYLVANIA 19601  
(610) 478-2000  
(610) 376-5610 (FAX)



CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

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ORDINANCE  
Enacted August 11, 2008

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AN ORDINANCE OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A SERIES OF GENERAL OBLIGATION BONDS, SERIES E OF 2008 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED THOUSAND DOLLARS (\$\_\_\_\_\_) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, PA.C.S. 53, CHAPTERS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS TO BE INCURRED TO PROVIDE FUNDS FOR A CERTAIN PROJECT OF THE CITY WHICH INCLUDES, AMONG OTHER THINGS: (1) THE ADVANCE REFUNDING OF A PORTION OF THE CITY'S GENERAL OBLIGATION NOTES, SERIES OF 2005; AND (2) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED REMAINING USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE), TENDER PROVISIONS AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT BY SPECIFIED OFFICERS OF THE CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO

PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING THE EXECUTION OF A REIMBURSEMENT AGREEMENT RELATING TO THE LETTER OF CREDIT ISSUED IN SUPPORT OF THE BONDS AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE LETTER OF CREDIT PROVIDER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

#### **RECITALS**

**WHEREAS**, the City of Reading, Berks County, Pennsylvania (the “City”), is a city of the third class of the Commonwealth of Pennsylvania (the “Commonwealth”); and

**WHEREAS**, the City, in contemplation of the issuance and sale of its Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008 in an aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_) to provide funds for and towards a certain project of the City, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the “Act”) and has determined that a private sale by negotiation is in the best financial interests of the City; and

**WHEREAS**, the Council of the City (the “Council”) has determined that such Bonds will be issued as a series of bonds and designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008” (the “Bonds”); and

**WHEREAS**, the Bonds shall be issued in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_) and

**WHEREAS**, the City has heretofore issued its General Obligation Notes, Series of 2005 in the aggregate principal amount of \$15,800,000, of which \$14,690,000 remains outstanding (the “2005 Notes”); and

**WHEREAS**, the City has determined to refund a portion of the 2005 Notes as more completely described on Schedule 1 attached hereto (the “Refunded 2005 Notes”) for the purpose of substituting bonds for notes; and

**WHEREAS**, a portion of the proceeds of the Bonds may be deposited in escrow pursuant to the terms of an escrow agreement (the “Escrow Agreement”), to be executed by and between the City and an escrow agent named therein (the “Escrow Agent”), such that the proceeds of the Bonds, together with interest to be earned thereon (if any), will be held by the Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the Refunded 2005 Notes, all as shall be set forth more fully in the Escrow Agreement; and

**WHEREAS**, the Bonds which are being issued to refund the Refunded 2005 Notes will not be outstanding through a maturity date that could not have been included in the issue of the 2005 Notes; and

**WHEREAS**, the Council has determined to accept the proposal (the “Purchase Proposal”) of Wachovia Bank, National Association, Philadelphia, Pennsylvania (the “Purchaser”), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the “Department”) relating to the incurring of the indebtedness to be evidenced by the Bonds; and

**WHEREAS**, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_) to fund a certain project (hereinafter described) of the City pursuant to the provisions of the Act.

**NOW, THEREFORE, BE IT RESOLVED**, by the Council of the City of Reading, Berks County, Pennsylvania, in lawful session duly assembled, as follows:

#### **DEFINITIONS**

**Definitions.** *In addition to the terms defined in the foregoing recitals, the following terms and phrases shall be defined as follows for the purposes of this Ordinance:*

“Alternate Letter of Credit” means an irrevocable letter of credit authorizing drawings thereunder by the Paying Agent, issued by a national banking association, a bank, a trust company or other financial institution as the Bank, and satisfying the requirements of Section 5.10.

“Authorized Officer of the City” shall mean any officer of the City and, with respect to any particular act or document, (i) any person authorized by a Certified City Resolution, a copy of which has been delivered to the Paying Agent, or (ii) any person designated to act on behalf of the City by the Mayor of the City, as evidenced by a written certificate furnished to the Paying Agent containing the specimen signature of such person and signed on behalf of Council by the City Clerk of the City, under its official seal. Such Resolution or certificate may designate more than one person, each of whom shall be entitled to perform all duties of the Authorized Officer of the City.

“Available Moneys” means (i) proceeds of a drawing under the Letter of Credit and (ii) any moneys paid to the Paying Agent and with respect to which the Paying Agent has received an opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Paying Agent and the Rating Service to the effect that the use of such moneys to pay principal of, premium (if any) on or interest on the Bonds, as applicable, will not constitute an avoidable transfer under Section 547 of the United States Bankruptcy Code in the event of a bankruptcy case under the United States Bankruptcy Code by the City, as debtor;

provided that when used with respect to payment of amounts due in respect of any Pledged Bonds or any payments due at any time when a Letter of Credit is not held by the Paying Agent, "Available Moneys" means any moneys held by the Paying Agent and available for such payment pursuant to the terms of this Ordinance except for moneys drawn under the Letter of Credit.

"Bank" means, initially, Wachovia Bank, National Association, a national banking association, as issuer of the Letter of Credit, and its successors and assigns in that capacity and, in the event an Alternate Letter of Credit is outstanding, the issuer of the Alternate Letter of Credit.

"Bond Counsel" shall mean an attorney-at-law or a firm of attorneys of nationally or regionally recognized standing in matters pertaining to bonds (including the tax status of interest thereon) issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Register" or "Register" shall mean the books and records (whether in written or electronic form) maintained by the Bond Registrar for the purpose of recording ownership, transfer or exchange of the Bonds.

"Bond Registrar" shall mean, initially, the Paying Agent, acting in the capacity of registrar for the Bonds and if, at any time, the City shall appoint another entity with the qualifications set forth herein to serve as successor bond registrar for the Bonds, "Bond Registrar" shall mean the Person so acting in the capacity of registrar for the Bonds.

"Bond Service" means, for any period or payable at any time, the principal of, premium, if any, on and interest on the Bonds for that period or payable at that time whether due on an Interest Payment Date, at maturity or upon acceleration or redemption.

"Bondholder Tender Notice" means a written notice meeting the requirements of Section 5.03.

"Bondowner" or "Bondholder" or "Holder" or "Owner" shall mean the registered owner of any Bond.

"Business Day" means any day other than a Saturday or Sunday or a day on which banks located in Philadelphia, Pennsylvania, New York, New York, Charlotte, North Carolina or any other city in which the Designated Office or Payment Office of the Paying Agent or the office of the Bank at which drawing documents are required to be presented under the Letter of Credit is located are required or authorized to close or on which The New York Stock Exchange is closed.

"Certified City Resolution" shall mean a copy of a Resolution, Resolutions, Ordinance or Ordinances certified by the City Clerk of the City, under its official seal, to have been duly adopted by the Council and to be in full force and effect on the date of such certification.

"City Purchase Account" means the special trust account so designated and established by the Paying Agent pursuant to Section 5.07.

"Conversion Date" means any Interest Payment Date on which the Rate Mode of the Bonds is converted to another Rate Mode pursuant to Section 3.10.

“Delivery Office” of the Paying Agent means, with respect to Bonds held in certificated form, the office where such Bonds tendered for purchase may be delivered to the Paying Agent, which office may be the office of an agent of the Paying Agent for such purpose and shall be designated in Section 7.02 or another office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Designated Office” shall mean, with respect to the Paying Agent, the Bond Registrar, the Bank and the Remarketing Agent, the office of such entity located at the address specified in Section 7.02 hereof, or such other office of such entity (or its successor) as such entity (or its successor) shall from time to time designate by written notice, as required by Section 7.02 hereof, as its office to which notices, bonds, other instruments or money required by this Ordinance to be delivered to it shall be delivered or at which actions required by this Ordinance to be taken at its Designated Office are to be taken.

“DTC” means The Depository Trust Company, New York, New York and its successors and assigns.

“Expiration Date” means the stated expiration date of the Letter of Credit, as such date may be extended from time to time by the Bank.

“General Account” means the account so designated which is established pursuant to Section 4.03.

“Interest Payment Date” means (i) with respect to Weekly Rate interest, the first Business Day of each calendar month commencing \_\_\_\_\_, 2008 and (ii) with respect to Term Rate interest, each Semiannual Date.

“Letter of Credit” means the irrevocable letter of credit issued by the Bank to the Paying Agent on the Series Issue Date and any Alternate Letter of Credit, under which the Paying Agent is authorized, subject to the terms and conditions thereof, to draw up to (a) an amount equal to the principal amount of the outstanding Bonds (i) to enable the Paying Agent to pay the principal amount of the Bonds when due at maturity or upon redemption and (ii) to enable the Paying Agent to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal amount of such Bonds, plus (b) while the Bonds bear interest at a Weekly Rate, an amount equal to interest to accrue at the Maximum Rate on the outstanding Bonds for [43] days and, while the Bonds bear interest at a Term Rate, an amount equal to interest to accrue at a rate not less than the Term Rate then in effect on the outstanding Bonds for 200 days (i) to enable the Paying Agent to pay interest on the Bonds when due and (ii) to enable the Paying Agent to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds, as the same may be amended, transferred, reissued or extended in accordance with this Ordinance, plus (c) while the Bonds bear interest at a Term Rate, an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Bonds upon mandatory redemption if such irrevocable letter of credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein.

“Letter of Credit Debt Service Account” means the account so designated and established pursuant to Section 4.03 in the Sinking Fund.

“Letter of Credit Purchase Account” means the special trust account so designated and established pursuant to Section 5.07.

“LIBOR” shall mean (i) a rate per annum (rounded upward, if necessary, to the nearest 1/32 of one percent) equal to the composite London Interbank Offered Rate which appears on the Reuters Screen LIBOR01 Page (or any successor page) as of 11:00 a.m. London time on the day that is two (2) London Banking Days preceding the first day of such LIBOR Period (or if not reported thereon, then as designated in writing by the County to the Paying Agent and Remarketing Agent from another recognized source or interbank quotation).

“Maximum Rate” means (i) with respect to Weekly Rate interest, 12% per annum, (ii) with respect to Term Rate interest, 8% per annum, and (iii) with respect to Pledged Bonds, 25% per annum.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“No Call Period” means the period of time referred to in the column under that heading in the table in Section 5.01(d).

“Nominal Term Rate Period” means, with respect to a Term Mode, a period of two or more consecutive Semiannual Periods (expressed in years and half years) determined pursuant to Sections 3.03 and 3.10.

“Ordinance” shall mean this Ordinance as amended or supplemented from time to time by all Ordinances supplemental hereto.

“Paying Agent” shall mean U.S. Bank National Association, or such other paying agent, which shall be a bank or bank and trust company authorized to do business in the Commonwealth, as may be selected by the Mayor of the City, and any successor thereto, acting in the capacity of paying agent and sinking fund depositary with respect to the Bonds or, if the City at any time shall have appointed another bank, bank and trust company or national bank to serve as successor paying agent and sinking fund depositary with respect to the Bonds, the successor so appointed and any successor thereto.

“Payment Agreement” shall mean the Agreement dated on or before the Series Issue Date between the City and the Paying Agent, relating to the Bonds.

“Payment Office” of the Paying Agent means the office from which payments of principal, premium (if any), interest and tender purchase price are made and where Bonds may be surrendered for payment of upon redemption or at maturity, which office may be the office of an agent of the Paying Agent for such purpose and shall be the office so designated in Section 7.02 or another office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Person” shall mean natural persons, firms, partnerships, associations, corporations and public bodies.

“Pledged Bonds” shall have the meaning assigned to such term in Section 5.08.

“Project” shall have the meaning assigned to such term in Section 2.03.

“Purchase Date” means (a) with respect to any optional tender for purchase pursuant to Section 5.03 of Bonds in the Weekly Mode, any Business Day designated as the date of such purchase pursuant to such Section and (b) with respect to any mandatory purchase pursuant to Section 5.04(1) in the case of Bonds which are to be purchased upon conversion from one Rate

Mode to another Rate Mode, the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day succeeding such Conversion Date, (2) in the case of Bonds which are to be purchased upon expiration of a Term Rate Period, the first Business Day following the end of such Term Rate Period, and (3) in the case of Bonds to be purchased in anticipation of the expiration of the Letter of Credit or the issuance of an Alternate Letter of Credit, the Interest Payment Date next preceding the Expiration Date of the Letter of Credit or the Interest Payment Date on which an Alternate Letter of Credit becomes effective, as applicable.

“Purchase Price” shall mean an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered pursuant to the provisions of this Ordinance, plus accrued and unpaid interest thereon to the Purchase Date.

“Rate Mode” means the Weekly Mode or a Term Mode.

“Rating Service” means Moody’s Investors Service, Inc., if the Bonds are rated by such at the time, and Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., if the Bonds are rated by such at the time, and their successors and assigns, or if either shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated in writing by the City and satisfactory to the Paying Agent.

“Redemption Price” shall mean the amount which is payable with respect to a Bond (or portion thereof) upon redemption thereof prior to maturity in accordance with the terms thereof and of the Bonds.

“Regular Record Date” means, while the Bonds are in the Weekly Mode, the close of business on the last Business Day preceding an Interest Payment Date and, while the Bonds are in the Term Mode, the close of business on the fifteenth day of the calendar month next preceding an Interest Payment Date.

“Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement to be dated as of the Series Issue Date between the City and the Bank relating to the Letter of Credit and the Bonds, as amended, supplemented or replaced from time to time.

“Remarketing Agent” means, initially, Wachovia Bank, National Association and any Person meeting the qualifications of, and designated from time to time to act as Remarketing Agent under, Section 6.03. “Principal Office” of the Remarketing Agent means the office of the Remarketing Agent at the address of the Remarketing Agent set forth in Section 7.02, or any other office so designated in writing by the Remarketing Agent to the City, the Paying Agent and the Bank.

“Remarketing Agreement” means the Remarketing Agreement between the City and the Remarketing Agent relating to the Bonds, as amended, supplemented or replaced from time to time.

“Remarketing Proceeds Purchase Account” means the special trust account so designated and established pursuant to Section 5.06.

“Representation Letter” shall mean the blanket representation letter from the City to DTC.

“Semiannual Date” means each \_\_\_\_\_ and each \_\_\_\_\_.

“Semiannual Period” means a six month period commencing on a Semiannual Date and ending on and including the day immediately preceding the next Semiannual Date.

“Series Issue Date” means the date of original issuance and first authentication and delivery of the Bonds to the initial purchaser thereof against payment therefor.

“Sinking Fund” means the fund so designated and established pursuant to Section 4.01.

“Special Record Date” means, with respect to any Bond, the date established by the Paying Agent in connection with the payment of overdue interest on that Bond in accordance with the terms hereof and of the Bonds.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Supplemental Ordinance” shall mean any Ordinance supplemental to this Ordinance.

“Term Mode” means, with respect to the Bonds, the mode of accruing interest thereon at Term Rates based on a constant Nominal Term Rate Period.

“Term Rate” means the rate of interest borne by the Bonds for a Term Rate Period determined pursuant to Section 3.03.

“Term Rate Calculation Date” means a Business Day not more than 15 days and not less than one day prior to the first day of the corresponding Term Rate Period.

“Term Rate Period” means a period of two or more consecutive Semiannual Periods equal to the applicable Nominal Term Rate Period determined pursuant to Section 3.10 commencing on the Semiannual Date immediately following the last day of the immediately preceding Term Rate Period and running through and ending on the day immediately preceding the Semiannual Date which follows such commencement date by a period equal to such Nominal Term Rate Period; except that the first Term Rate Period after conversion from a Weekly Rate to a Term Rate shall commence on the Conversion Date of such conversion and end on and include the day immediately preceding the Semiannual Date which follows the Semiannual Date occurring on or immediately preceding such Conversion Date by a period equal to such Nominal Term Rate Period.

“Term Rate Period End Interest Payment Date” means the Semiannual Date immediately following the last day of a Term Rate Period.

“Transfer Office” of the Paying Agent means the office where Bonds may be delivered to the Paying Agent for transfer or exchange, which office may be the office of an agent of the Paying Agent for such purpose and shall be the office so designated in Section 7.02 or another office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Undelivered Bonds” means any Bonds subject to purchase pursuant to Section 5.03 or 5.04 which the Holder thereof has failed to deliver as described in such Sections.

“Weekly Mode” means, with respect to the Bonds, the mode of bearing interest thereon at a Weekly Rate.



“Weekly Rate” means a floating weekly interest rate on the Bonds established and adjusted in accordance with Section 3.02.

“Weekly Rate Calculation Date” means Wednesday in each calendar week or, if any Wednesday is not a Business Day, the first Business Day preceding such Wednesday.

“Weekly Rate Period” means the seven-day period commencing on the first Thursday following the corresponding Weekly Rate Calculation Date and running through Wednesday of the following calendar week; except that (i) the first Weekly Rate Period shall commence on the Series Issue Date and end on and include the first Wednesday occurring after the Series Issue Date, (ii) the first Weekly Rate Period following a conversion from a Term Mode to the Weekly Mode shall commence on the Conversion Date for such conversion and end on and include the first Wednesday occurring after such date, and (iii) the last Weekly Rate Period prior to a conversion from the Weekly Mode to the Term Mode shall end on and include the last day immediately preceding the Conversion Date for such conversion.

**ISSUANCE, SALE AND DELIVERY OF BONDS;  
PLEDGE OF TAXING POWER**

**Bonds Authorized; Nonelectoral Debt. An increase in the authorized nonelectoral debt of the City is hereby authorized and directed in the amount of \$ \_\_\_\_\_, which increase together with all other indebtedness of the City will not result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or of the Act, through the issuance of general obligation bonds of the City in the aggregate principal amount of \$ \_\_\_\_\_, designated “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008” and issued for the purpose of providing funds for the Project and to pay the costs of issuance of the Bonds as set forth in greater detail in the recital hereto and incorporated herein by reference and hereby approved as if recited herein at length. The Council determines that the debt to be incurred pursuant to this Ordinance, and which shall be evidenced by the Bonds, shall be nonelectoral debt of the City. The Bonds, when issued, will be a general obligation of the City.**

**Private Sale by Negotiation. The private sale by negotiation of the Bonds to finance the Project and the costs and expenses of the financing is hereby determined to be in the best financial interest of the City.**

**Project Description; Cost Estimates and Useful Life. A brief description of the projects (the “Project”) to be financed with, among other things, the proceeds of the Bonds is as follows: (1) the advance refunding the Refunded 2005 Notes; and (2) the payment of the costs and expenses of issuing the Bonds.**

The City hereby certifies that the remaining realistic estimated useful lives of the capital projects refinanced with the Bonds range from at least 15 to at least 27 years. It is hereby certified that an aggregate principal amount of the Bonds at least equal to the realistic estimated cost of the Project shall mature prior to the end of the useful life of the Project. Stated installments or maturities of principal of the Bonds will not be deferred beyond the later of one year after the estimated date for the completion of construction of the Project, if any, or 2 years from the date of issuance of the Bonds.

The City hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

**Refunding of Refunded 2005 Notes; Escrow Agreement. In connection with the issuance and sale of the Bonds, the Council of the City, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the Refunded 2005 Notes is to substitute bonds for notes; and (b) that the refunding of the Refunded 2005 Notes is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council of the City further finds and determines that the final maturity date of the Bonds issued to effect the refunding of the Refunded 2005 Notes does not extend to a date that could not have been included in the Refunded 2005 Note issue.**

The Council of the City hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the Refunded 2005 Notes, including, but not limited to providing notice to the Paying Agent for the Refunded 2005 Notes, and to call the Refunded 2005 Notes for optional redemption in full on the first date the Refunded 2005 Notes are eligible to be called for optional redemption. In accordance with Section 8246 of the Act, it is the intent of the Board that the Refunded 2005 Notes shall no longer be outstanding from and after the date of the issuance of the Bonds.

On the date of delivery of the Bonds, to the extent required for a lawful defeasance of the Refunded 2005 Notes, the proper officers of the City are hereby authorized, empowered and directed to execute, attest and deliver the Escrow Agreement in the form approved by such officers with the advice of the Solicitor to the City. The Escrow Agreement shall provide for, among other things, the following: (i) a certification to the Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, the Refunded 2005 Notes, (ii) the deposit with the Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal and redemption price of, premium, if any, and interest on the Refunded 2005 Notes to the date fixed for the redemption thereof, (iii) the investment of the amounts deposited with and held by the Escrow Agent, (iv) a direction to the Escrow Agent to cause notice of redemption to be given to the holders of the Refunded 2005 Notes, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the Escrow Agent of all investments held by it pursuant to the Escrow Agreement.

The City hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the Refunded 2005 Notes to “no longer be deemed to be outstanding” as of the date of delivery of the Bonds, within the meaning and for the purposes of Section 8250 of the Act and to cause the redemption of the Refunded 2005 Notes on the earliest date permitted thereby.

**Execution, Issuance and Delivery Authorized. The execution, sale and delivery of the Bonds, as evidence of the increase in nonelectoral debt authorized in Section 2.01, is hereby authorized and directed.**

**Execution of Bonds. The Bonds shall be executed by the true or facsimile**

signatures of the Mayor of the City and shall have a true or facsimile of the official seal of the City affixed thereto, duly attested by the true or facsimile signature of the City Clerk of the City and shall be authenticated by the certificate endorsed thereon, manually signed by a duly authorized officer of the Paying Agent hereinafter designated.

Acceptance of Proposal. The proposal of the Purchaser for the purchase of the Bonds at private sale by negotiation as set forth in the Purchase Proposal is hereby approved and accepted in compliance with Section 8107 of the Act, which provides that such obligations may be sold by the City at negotiated or invited sale upon receipt of an acceptable proposal for the purchase thereof, and the Bonds are hereby awarded to the Purchaser upon the terms set forth in the Purchase Proposal. The Mayor of the City is hereby authorized, empowered and directed to execute an agreement of purchase for the Bonds by signing on behalf of the City a copy or copies of the Purchase Proposal in the form as submitted and approved at this meeting and to cause the official seal of the City to be affixed thereto and duly attested by the City Clerk. The Bonds, if, as and when issued, shall be delivered to the Purchaser after execution and authentication thereof against receipt of the balance of the full purchase price therefor. A copy of the Purchase Proposal as presented, approved and accepted is to be attached to the minutes of the meeting and is hereby made a part hereof by reference. As set forth in the Purchase Proposal, the Bonds are purchased at a bid price equal to \_\_\_\_\_ % of the principal amount thereof as set forth in the Purchase Proposal.

Pledge of Taxing Power. It is hereby covenanted to and with the holders from time to time of the Bonds that the City (i) shall include in its budget in each fiscal year the amount of the debt service on the Bonds (including any Pledged Bonds) for each fiscal year in which such sums are payable, (ii) shall appropriate from its general revenues in each fiscal year such amounts to the payment of such debt service on the Bonds (including any Pledged Bonds) for such year, and (iii) shall duly and punctually pay or cause to be paid the principal of the Bonds (including any Pledged Bonds) and the interest due thereon at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the City pledges its full faith, credit and taxing power. As provided in Section 8104 of the Act, this covenant shall be specifically enforceable.

[Reserved].

Department Filing. The Mayor of the City and the City Clerk of the City, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the City: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced

by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Bonds; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Purchase Proposal, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Ordinance or applicable law.

Official Statement. The preparation and the arrangements for the printing of the Official Statement are hereby authorized and approved and the distribution thereof by the Purchaser is authorized. The Mayor of the City is hereby authorized, empowered and directed on behalf of the City to execute the Official Statement in a form approved by special counsel to the City with such additions, deletions or changes as are necessary to make such document in its final form conform to the terms and conditions of the Purchase Proposal and to deliver same to the Purchaser.

Necessary Further Action. The appropriate officers as designated in Section 2.06 hereof are hereby authorized, empowered and directed to execute the Bonds as aforesaid in Section 2.06 and to cause the Bonds to be authenticated by the certificate endorsed thereon, manually signed by a duly authorized officer of the Paying Agent designated in Section 6.01 hereof. The Mayor of the City is further authorized, empowered and directed to deliver the Bonds upon receipt of the purchase money and in accordance with the terms of the Purchase Proposal for the purchase thereof and to execute and deliver any and all papers and documents with such additions, deletions or changes as such officers shall deem appropriate and in accordance with this Ordinance and to take such further action and to do or cause to be done any and all acts and things as may be necessary or appropriate to execute or carry out the purposes of this Ordinance, to incur the debt hereby authorized and to effectuate the issuance, sale and delivery of the Bonds, and such actions of such officers shall be deemed the actions of the City.

The City's Bond Counsel, Stevens & Lee, is hereby authorized and directed to prepare all documents required in connection with the issuance, sale and delivery of the Bonds as Bond Counsel deems necessary or appropriate and to arrange for the printing thereof and of the Bonds. Wachovia Bank, National Association hereby is requested to prepare the City's Official Statement for the Bonds in final form and to arrange for the printing thereof.

Letter of Credit. In connection with the issuance of the Bonds, the proper officers of the City are hereby authorized to take all action necessary to cause the Bonds to be supported by the Letter of Credit as provided in the Purchase Proposal under the terms and conditions therein set forth, including, but not

limited to, the execution and delivery by the proper officers of the City of a commitment letter for such Letter of Credit between the City and the Bank.

**THE BONDS**

**Form and Terms of Bonds.**

While the Bonds are in the Weekly Mode, the form of the Bonds shall be as set forth on Exhibit A attached hereto and by this reference made a part of this Ordinance, with appropriate insertions, omissions and variations; while the Bonds are in the Term Mode, the form of the Bonds shall be substantially as set forth on such Exhibit A but with such insertions, omissions and variations as shall be necessary to reflect the terms and provisions of the Bonds while in the Term Mode, including the redemption provisions applicable to Bonds in the Term Mode, as set forth in this Ordinance. Bonds in the Weekly Mode shall be issued in principal denominations of \$100,000 and \$5,000 multiples in excess thereof. Bonds in the Term Mode shall be issued in the denominations of \$5,000 or any integral multiple thereof. All Bonds shall be in fully registered form, without coupons, and shall be dated as of the Series Issue Date.

C. The Bonds shall initially bear interest at the Weekly Rate from the Series Issue Date. The Bonds may be converted from a Weekly Rate to a Term Rate as provided in Section 3.03. Interest on the Bonds for any particular Weekly Rate Period shall be calculated on the basis of a year of 365 or 366-days as appropriate for the actual number of days elapsed. Interest accruing on the Bonds at a Term Rate shall be computed on the basis of a year of 360-days based upon twelve 30-day months.

Interest on each of the Bonds shall be payable on each Interest Payment Date for the immediately preceding interest payment period to the Person in whose name ownership of such Bond is registered as of the close of business on the Regular Record Date for such Interest Payment Date, except as provided in clause (iii) of this subsection, and shall be paid by check mailed on the applicable Interest Payment Date to the address of such Holder shown on the Bond Register; provided, however, that interest on a Bond shall be paid by wire transfer of immediately available funds to an account of the Holder thereof within the United States of America, if such Holder is DTC, its nominee or any successor securities depository or if such Holder is the registered owner of Bonds in an aggregate principal amount of \$1,000,000 or more and has made written request for wire payment of interest to the Paying Agent at least fifteen (15) days prior to the Interest Payment Date. Any such request of such Holder for wire payment of interest on such Bond may state that such request and wire payment instructions will remain effective until further notice to the Paying Agent, but no such request shall be valid and effective after ownership of such Bond shall be transferred upon the Bond Register.

The Bonds authenticated and delivered while bearing interest in the Weekly Mode shall set forth on the face thereof, in the place provided for designating the interest rate, the words "Weekly Rate."

Bonds authenticated and delivered while bearing interest at a Term Rate shall set forth on the face thereof, in the place provided for designating the interest rate, the words “\_\_\_% Term Rate” for Term Rate Period ending with appropriate insertion of the applicable interest rate and maturity date.

**Interest on any Bond not punctually paid or duly provided for by the City shall forthwith cease to be payable to the Person in whose name ownership of such Bond is registered as of the Regular Record Date for the payment of such interest and shall be paid to the Person in whose name such Bond is registered at the close of business on the Special Record Date established for the payment of such interest.**

**Subject to the provisions of Section 5.08 hereof, interest on a Bond (or the applicable portion thereof) shall cease to accrue on the earliest of the following dates:**

on the Purchase Date set forth in a Bondholder Tender Notice with respect to such Bond (or portion thereof) satisfying the terms and conditions of Section 5.03, provided that money has been irrevocably deposited in the Letter of Credit Purchase Account in an amount sufficient and available to pay the Purchase Price thereof on such Purchase Date;

on the date fixed for redemption thereof, provided that proper notice of redemption has been given in accordance with the terms hereof and of the Bonds and money has been irrevocably deposited with the Paying Agent in an amount sufficient and available to pay the Redemption Price thereof on such date fixed for redemption;

on the maturity date of such Bond, provided that money has been irrevocably deposited with the Paying Agent in an amount sufficient to pay the principal amount thereof, plus accrued and unpaid interest thereon to such maturity date; and

on the Purchase Date with respect to any mandatory tender of Bonds in accordance with Section 5.04, provided that money has been irrevocably deposited in the Letter of Credit Purchase Account in an amount sufficient and available to pay the Purchase Price thereof on such Purchase Date.

From and after any such date upon which interest shall cease to accrue on a Bond (or portion thereof), the Owner of such Bond (or portion thereof) shall have no rights with respect thereto, except to receive payment of the Purchase Price, the Redemption Price or the matured principal thereof, together with accrued and unpaid interest thereon, if any, to the Purchase Date, the redemption date or the maturity date, as applicable and appropriate, from the money so deposited with the Paying Agent.

**Anything herein to the contrary notwithstanding, in no event shall any Bonds bear interest at a rate in excess of the Maximum Rate.**

**Pledged Bonds shall bear interest at the rate set forth in the Reimbursement Agreement.**

**The principal, redemption premium, if any, and interest with respect to the Bonds (including the Purchase Price or Redemption Price, as applicable) shall be payable in lawful money of the United States of America at the Designated Office of the Paying Agent and, in the case of an optional or mandatory tender of Bonds for purchase, at the Designated Office of the Paying Agent. No payment of principal or redemption premium with respect to a Bond (including the portion of the Purchase Price or Redemption Price representing principal or premium) shall be made unless and until such Bond is surrendered to the Paying Agent for**

payment and cancellation; subject, however, to the provisions hereof with respect to Bonds while held in book-entry form and registered in the name of DTC, its nominee or a successor securities depository or its nominee. The Bonds shall mature on \_\_\_\_\_, 20\_\_\_. The Bonds shall be subject to redemption and tender for purchase prior to stated maturity as provided in Section 5.

*Weekly Rate. A Weekly Rate shall be determined for each Weekly Rate Period as described below. For each Weekly Rate Period and so long as the Bonds are in the Weekly Mode, the interest rate on the Bonds shall be the current market rate determined by the Remarketing Agent on the immediately preceding Weekly Rate Calculation Date, in accordance with this Section. On each Weekly Rate Calculation Date, the Remarketing Agent shall determine the Weekly Rate for the next succeeding Weekly Rate Period as the rate which if borne by the Bonds would, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to arrange for the sale of all of the outstanding Bonds at a price equal to the principal amount thereof plus accrued interest thereon. Notice of such Weekly Rate shall be given by the Remarketing Agent to the Paying Agent by the close of business on the Weekly Rate Calculation Date. No notice of Weekly Rates will be given to the City, the Bank or the Holders; however, the City, the Bank and the Holders may obtain Weekly Rates from the Paying Agent or the Remarketing Agent upon request therefor. Anything herein to the contrary notwithstanding, in no event shall the Weekly Rate borne by the Bonds exceed the Maximum Rate.*

In determining each Weekly Rate to be effective pursuant to this Section, prevailing financial market conditions which the Remarketing Agent shall take into account shall include (i) existing short-term taxable market rates and indexes of such short-term rates, (ii) the existing market supply and demand for short-term taxable securities, (iii) existing yield curves for short-term taxable securities for obligations of credit quality comparable to the Bonds, (iv) general economic conditions, (v) industry, economic and financial conditions that may affect or be relevant to the Bonds, and (vi) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

If for any reason the Remarketing Agent does not determine a Weekly Rate for any Weekly Rate Period as aforesaid, or if a court holds a rate for any Weekly Rate Period to be invalid or unenforceable, the Weekly Rate for that Weekly Rate Period shall be equal to the Weekly Rate in effect for the immediately preceding Weekly Rate Period. The Weekly Rate for any consecutive succeeding Weekly Rate Period for which the Remarketing Agent does not determine a Weekly Rate, or a court holds a rate to be invalid or unenforceable, shall be equal to LIBOR.

The determination of the Weekly Rate by the Remarketing Agent pursuant to this Ordinance shall be conclusive and binding upon the City, the Paying Agent, the Remarketing Agent, the Bank and the Holders of the Bonds.

*Term Rate. A Term Rate shall be determined for each Term Rate Period as described below. Upon conversion to a Term Mode, a Nominal Term Rate Period shall be fixed by the City pursuant to Section 3.10 as a term of two or*

more consecutive Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Rate Mode. A Term Mode based on one Nominal Term Rate Period and a Term Mode based on another Nominal Term Rate Period are different Rate Modes. Each Term Rate shall be determined by the Remarketing Agent, on the Term Rate Calculation Date, as the lowest rate of interest that, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, would be necessary to enable the Remarketing Agent to arrange for the sale of the Bonds in the respective Term Mode in a secondary market sale at a price equal to the principal amount thereof, plus accrued interest, on the first Business Day of the respective Term Rate Period; provided that (1) if the Remarketing Agent fails for any reason to determine the Term Rate for any Term Rate Period, such Term Rate shall be equal to 80% of the average of the annual bond equivalent yield evaluations at par as of the first day of the corresponding Term Rate Period or, if such day is not a Business Day, the next preceding Business Day of United States Treasury obligations having a term to maturity similar to such Term Rate Period, and (2) no Term Rate shall exceed the lesser of (i) the maximum interest rate at which the Letter of Credit then in effect provides coverage for at least 200 days interest and (ii) 8% per annum. In determining a Term Rate pursuant to this Section, prevailing financial market conditions which the Remarketing Agent shall take into account shall include (i) existing long-term taxable market rates and indexes of such long-term rates, (ii) the existing market supply and demand for long-term taxable securities, (iii) existing yield curves for long-term taxable securities for obligations of credit quality comparable to the Bonds, (iv) general economic conditions, (v) industry, economic and financial conditions that may affect or be relevant to the Bonds, and (vi) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant. Notice of each Term Rate shall promptly be given by telephone (promptly confirmed in writing) by the Remarketing Agent to the Paying Agent, the City and the Bank. Determinations of Term Rates pursuant to this Section shall be conclusive and binding upon the City, the Paying Agent, the Bank and the Holders.

Bond Register: Status of Registered Owners. The Bond Registrar shall keep books for the registration of ownership, transfer and exchange of Bonds in the manner provided therein and herein so long as any Bonds shall remain outstanding.

As to any Bond, the City and the Paying Agent may deem and treat the Person or Persons in whose name(s) ownership of such Bond is registered on the Bond Register as the absolute owner thereof for all purposes, whether such Bond shall be overdue or not, and payment of the principal of, premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon any such Bond, to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.



Registration, Transfer and Exchange of Bonds; Mutilated, Lost, Wrongfully Taken or Destroyed Bonds; Cancellation of Bonds. All Bonds shall be issued in registered form and the ownership thereof shall be recorded by the Bond Registrar upon the Bond Register upon original issuance thereof and upon subsequent transfer of ownership or exchange as herein provided. Registration of a transfer of ownership of any Bond shall be made upon the Bond Register upon surrender of such Bond to the Bond Registrar, at its Designated Office, accompanied by a written instrument or instruments of assignment and transfer in form, with instructions, and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the Owner of such Bond or his attorney-in-fact or legal representative. The Bond Registrar shall enter any transfer of ownership of such Bond in the Bond Register and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of like tenor in authorized denomination(s) for the aggregate principal amount which the transferee is entitled to receive. Any of the Bonds, upon surrender thereof at the Designated Office of the Bond Registrar, accompanied by written instructions satisfactory to the Bond Registrar, duly executed by the Owner thereof or his attorney or legal representative, may be exchanged for a like aggregate principal amount of Bonds of like tenor of other authorized denominations. All such registration of transfers and exchanges shall be made without cost to the Holder or his transferee, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The City and the Bond Registrar shall not be required to issue or register the transfer of or exchange any Bonds during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the notice of redemption or to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date.

If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the City or the Paying Agent that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the City shall execute, and the Paying Agent shall authenticate and deliver, a new Bond of like date, maturity, interest rate and denomination and of the same series as the Bond mutilated, lost, wrongfully taken or destroyed; provided that (i) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Paying Agent, and (ii) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the City and the Paying Agent evidence of the loss, wrongful taking or destruction satisfactory to the Paying Agent, together with indemnity satisfactory to it and to the Authorized Officer of the City. The City and the Paying Agent may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section.

Notwithstanding the foregoing, the Paying Agent shall not be required to authenticate and deliver any substitute Bond for a Bond which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price and interest then due or becoming due shall be paid by the Paying Agent with funds available

under the Ordinance for such purpose in accordance with the terms of the mutilated, lost, wrongfully taken or destroyed Bond without substitution therefor.

Any Bond authenticated and delivered under this Section 3.05 in substitution for a lost, wrongfully taken or destroyed Bond shall, except as otherwise provided in this Section, be deemed to evidence the same debt as the lost, wrongfully taken or destroyed Bond. Every substituted Bond issued pursuant to this Section shall constitute an additional contractual obligation of the City and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued hereunder unless the Bond alleged to have been lost, wrongfully taken or destroyed shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been lost, wrongfully taken or destroyed shall be enforceable by anyone, the City may recover the substitute Bond from the Bondholder to whom it was issued or from anyone taking under such Bondholder except a bona fide purchaser for value without notice.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or hereafter enacted.

Any Bond surrendered pursuant to this Section 3 for the purpose of payment, redemption, retirement, exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Paying Agent. Bonds purchased pursuant to Section 5.03 or 5.04 shall not be surrendered Bonds and shall be outstanding Bonds, unless otherwise specifically provided in this Ordinance.

The City may deliver at any time to the Paying Agent for cancellation any Bonds previously authenticated and delivered hereunder, which the City may have purchased pursuant to the provisions of this Ordinance. All Bonds so delivered shall be cancelled promptly by the Paying Agent. Cancelled Bonds shall be destroyed by the Paying Agent by shredding, incineration or other method promptly after their cancellation. Upon written request from the City, the Paying Agent shall provide certificates describing the destruction of cancelled Bonds to the City.

**Temporary Bonds. Until Bonds in definitive form are ready for delivery, the City may execute, and upon its written request, the Bond Registrar shall authenticate and deliver in lieu of Bonds in definitive form, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds herein described, with appropriate omissions, variations and insertions. Until exchanged for Bonds in definitive form, such executed and authenticated Bonds in temporary form shall be entitled to all the benefits of this Ordinance. The City may prepare, execute and deliver to the Bond Registrar, and the Bond Registrar shall authenticate and deliver, in exchange for Bonds in temporary form upon surrender thereof at the Designated Office of the Bond Registrar, Bonds in definitive form of the same maturity, principal amount and interest rate duly registered in the name of the Owner of the Bonds in temporary form so**

surrendered for exchange. Such exchange shall be made at the expense of the City.

Bond Identification Numbers and Legends. Any Bond may bear such number, or other marks of identification or designation, including "CUSIP" numbers, may be endorsed with or have incorporated in the text thereof such legends or recitals with respect to transferability, and may contain such provisions, specifications and descriptive words not inconsistent in any case with the provisions of this Ordinance, as may be determined by the City and approved by the Paying Agent and Bond Registrar. Neither the City, the Bond Registrar nor the Paying Agent shall be deemed to make any representation as to the accuracy or correctness of any "CUSIP" numbers, either as printed on the Bonds or in any notice of redemption.

Authentication. None of the Bonds shall be entitled to any benefit under this Ordinance, nor shall any of the Bonds be valid, obligatory or enforceable for any purpose until such bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Bond Registrar; and the Bond Registrar is hereby authorized to register and authenticate the Bonds in accordance with the provisions hereof.

Book-Entry System for Bonds.

Notwithstanding the foregoing provisions of this Section 3, the Bonds shall be issued initially in the form of one fully-registered bond, which may be typewritten or lithographed, for the aggregate principal amount of the Bonds of each maturity and shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in subsection (g) below, all of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that any Bonds be registered in the name of a different nominee, the Bond Registrar shall exchange such Bonds for an equal aggregate principal amount of Bonds of like tenor registered in the name of such nominee. No person other than DTC or its nominee shall be entitled to receive from the City, the Paying Agent or the Bond Registrar either a Bond or any other evidence of ownership of Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register in connection with discontinuing the book-entry system as provided in subsection (g) below or otherwise.

So long as any Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal, premium, if any, or interest on such Bonds (including payments of the Purchase Price of such Bonds) shall be made to DTC or its nominee in accordance with the Representation Letter on the dates provided for such payments under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City and the Paying Agent with respect to the principal, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. In the event of any redemption of less than all of the Bonds outstanding of any particular maturity, the Paying Agent shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee), may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Paying Agent, upon request, a

written confirmation of such partial redemption and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

The City, the Paying Agent and the Bond Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest on the Bonds (including the payment of Purchase Price with respect thereto), selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under this Ordinance, registering the transfer of ownership of Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever; and neither the City, the Paying Agent nor the Bond Registrar shall be affected by any notice to the contrary. Neither the City, the Paying Agent nor the Bond Registrar shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other Person which is not shown on the Bond Register as being a Holder, with respect to (1) the Bonds, (2) the accuracy of any records maintained by DTC or any such participant, (3) the payment by DTC or any such participant of any amount in respect of the principal, premium, if any, or interest on the Bonds (or Purchase Price), (4) any notice which is permitted or required to be given to Holders under this Ordinance, (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds, and (6) any consent given or other action taken by DTC as Holder. So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders of such Bonds under this Ordinance shall be given to DTC as provided in the Representation Letter.

In connection with any notice or other communication to be provided to Holders pursuant to this Ordinance by the City, the Remarketing Agent, the Paying Agent or the Bond Registrar with respect to any consent or other action to be taken by Holders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City, the Remarketing Agent or the Paying Agent, as appropriate, may establish a special record date for such consent or other action. The City, the Remarketing Agent or the Paying Agent, as appropriate, shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

At or prior to settlement for the Bonds, the Remarketing Agent and the Paying Agent shall execute or signify their approval of the Representation Letter in substantially the form on file with the City Clerk of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the Mayor of the City is hereby authorized and directed to execute, to attest, if appropriate, and to deliver such Representation Letter on behalf of the City. Any successor paying agent or remarketing agent for the Bonds shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either (1) after notice to the City, the Paying Agent and the Bond Registrar, DTC determines to resign as securities depository for the Bonds, or (2) after notice to DTC, the Paying Agent and the Bond Registrar, the

City determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the City. In either of such events (unless in the case described in clause (2) above, the City appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such Persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the City, the Paying Agent or the Bond Registrar for the accuracy of such designation. Whenever DTC requests the City, the Paying Agent and the Bond Registrar to do so, the City, the Paying Agent and the Bond Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Anything herein to the contrary notwithstanding, so long as any Bonds are registered in the name of DTC or any nominee thereof, in connection with any optional tender of such Bonds, the beneficial owners of such Bonds are responsible for submitting Bondholder Tender Notices to the Remarketing Agent only (and if and as permitted by the Remarketing Agent, such Bondholder Tender Notices may be submitted telephonically).

Upon remarketing of Bonds in accordance with Section 5, payment of the Purchase Price thereof shall be made to DTC and no surrender of certificates is expected to be required. Such sales shall be made through DTC participants (which may include the Remarketing Agent) and the new beneficial owners of such Bonds shall not receive delivery of bond certificates. DTC shall transmit payment to DTC participants, and DTC participants shall transmit payment to beneficial owners whose Bonds were purchased pursuant to a remarketing. Neither the City, the Paying Agent, the Bond Registrar nor the Remarketing Agent is responsible for transfers of payment to DTC participants or beneficial owners. The provisions of this Section are subject to the provisions hereof relating to Pledged Bonds.

*Conversion of Interest Mode. The City shall have the option to convert the Bonds from one Rate Mode to another Rate Mode as herein provided on any Conversion Date the City shall select; provided that (i) each Conversion Date shall be an Interest Payment Date and (ii) Bonds in a Term Mode cannot be converted to another Rate Mode prior to the date on or after which the Bonds may first be redeemed at a redemption price of par, plus accrued interest, pursuant to their terms. The City may exercise its option to convert the Bonds regardless of the number of times the City have previously been converted pursuant to the exercise of its option to convert. The City shall exercise such option by giving written notice from an Authorized Officer of the City to Paying Agent, the Remarketing Agent and the Bank, stating its election to convert the Rate Mode of the Bonds to another Rate Mode specified in such notice and stating the Conversion Date therefor, not less than 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Conversion Date. Upon receipt of such notice by the Paying Agent, the Paying Agent may conclusively assume that the City, the Remarketing Agent and the Bank also received a copy of such notice and that such condition has been complied with. In connection with each conversion to a Term Mode, the Nominal Term Rate*

Period shall be selected by the City and designated in such notice. Notice of the exercise of an option to convert shall not be effective unless, within 10 days (or such greater period as shall be acceptable to the Paying Agent) of the delivery of such notice, there shall have been delivered to the Paying Agent (1) an opinion of Bond Counsel addressed to the Paying Agent, the City, the Bank and the Remarketing Agent to the effect that such conversion is authorized or permitted by this Ordinance and the Act, (2) written consent of the Bank to such conversion, (3) in the case of a conversion to a Term Mode, an amendment to the Letter of Credit or an Alternate Letter of Credit which provides for (i) an Expiration Date not earlier than one year after the Conversion Date, (ii) on and after such Conversion Date, coverage of 200 days accrued interest on the Bonds at a rate not less than the interest rate at which the then current letter of credit provides coverage, subject to adjustment on the Conversion Date to the actual Term Rate as the same shall be fixed on the Conversion Date, and (iii) on and after such Conversion Date, coverage of premium (if any) on the Bonds in an amount equal to the sum of the optional redemption premium and supplemental premium which would become payable on the Bonds upon mandatory redemption if the Letter of Credit (as amended by such amendment) or such Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein, (4) in the case of a conversion from a Term Mode to the Weekly Mode an amendment to the Letter of Credit or an Alternate Letter of Credit which provides for (i) an Expiration Date not earlier than one year after the Conversion Date and (ii) on and after such Conversion Date, coverage for [43] days accrued interest on the Bonds at a maximum rate of 12% per annum, and (5) written notice from the Rating Service that such conversion and the related amendment to the Letter of Credit or delivery of an Alternate Letter of Credit will not result in a withdrawal or reduction of the then current rating or ratings on the Bonds or setting forth a new rating or ratings on the Bonds effective upon such conversion. In the case of a conversion from one Rate Mode to another Rate Mode, the Paying Agent shall give notice by first class mail (postage prepaid) to the Holders not less than 30 days prior to the proposed Conversion Date stating (i) that, in the case of a conversion to a Term Mode, the interest rate on the Bonds is scheduled to be converted to a Term Rate and stating the Nominal Term Rate Period on which such Term Rate will be based, or in the case of a conversion to the Weekly Mode, the interest rate on the Bonds is scheduled to be converted to a Weekly Rate, (ii) the proposed Conversion Date, (iii) that the City, on or before the tenth day prior to the proposed Conversion Date, may determine not to convert the Bonds in which case the Paying Agent shall notify the Holders in writing to such effect, and (iv) that all outstanding Bonds will be subject to a mandatory purchase on the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day following such Conversion Date at a price of par plus accrued interest, if any. The City, the Paying Agent, the Bank and the Remarketing Agent shall not be liable to any

Holders for failure to give any notice required above or for failure of any Holders to receive any such notice. Upon each conversion under this Section, the Bonds shall be subject to mandatory purchase pursuant to Section 5.04 on the Conversion Date or if such Conversion Date is not a Business Day, the first Business Day following such Conversion Date. In connection with such conversion, the existing Letter of Credit shall not be surrendered until after the Paying Agent has drawn upon such Letter of Credit with respect to any amount necessary to pay principal of or interest on the Bonds then due and the purchase price of Bonds subject to conversion pursuant to Section 5.04(a), and any amounts so drawn have been received by the Paying Agent.

Preparation, Execution, Authentication and Delivery of Term Rate Bonds. In connection with any conversion of the interest rate on the Bonds from the Weekly Rate to the Term Rate, the City shall cause new bond certificates for the Bonds to be prepared (which shall be in the form set forth in Exhibit A to this Ordinance, but with appropriate insertions, omissions and variations as shall be necessary to reflect the terms of Bonds in the Term Mode, including the appropriate redemption provisions, as set forth or authorized in this Ordinance), duly executed in the name of and on behalf of the City by the manual or facsimile signatures of the Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, attested by the manual or facsimile signature of the City Clerk of the City, imprinted or impressed with the official seal of the City or a facsimile thereof, and delivered to the Paying Agent for registration, authentication and delivery to the purchasers thereof in accordance with Section 5 hereof.

#### SINKING FUND AND OTHER FUNDS

Creation of Funds and Accounts. There is hereby created a special fund designated as the "Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008" (referred to herein as the "Sinking Fund") to be held by the Paying Agent as required by the Act.

Payments and withdrawals from the Sinking Fund shall be made only by the Paying Agent and only for the purposes and upon compliance with the terms and conditions hereinafter provided. In order to perform its duties, the Paying Agent may create such additional funds and separate accounts (including a settlement fund to handle transactions related to the issuance of the Bonds) as it may deem necessary or desirable.

The Sinking Fund. The City hereby appoints the Paying Agent as the sinking fund depositary with respect to the Sinking Fund and covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Bonds when due. The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, is hereby authorized and directed to contract with the Paying Agent for its services as paying agent and sinking fund depositary

with respect to the Bonds and the Sinking Fund, and for such purposes are hereby authorized and directed to execute, to attest, if appropriate, and to deliver an agreement with the Paying Agent for its services and fees, such agreement to be in the form approved by special counsel to the City and the officers of the City who shall execute the same, their execution thereof to constitute conclusive evidence that such approvals have been given or received.

The General Account and the Letter of Credit Debt Service Account.

There is created within and as a part of the Sinking Fund an account to be designated as the "General Account" and an account to be designated as the "Letter of Credit Debt Service Account." The City covenants and agrees to deposit in the Sinking Fund, on or before the date when such payment is due, an amount which shall be sufficient to permit the Paying Agent to pay on such date all principal, Purchase Price and interest becoming due with respect to the Bonds, whether by maturity, mandatory sinking fund redemption or otherwise. Except as otherwise specifically directed under the terms of this Ordinance, all moneys received from the City shall be deposited into the General Account of the Sinking Fund. Moneys held by the Paying Agent in the General Account shall be applied in accordance with Section 4.03(b)(ii) and the other provisions of this Ordinance (i) to reimburse the Bank with respect to drawings on the Letter of Credit to pay the principal of, premium, if any, on or interest on Bonds, or (ii) to make payments of principal of, premium, if any, on and interest on the Bonds, to the extent other moneys are unavailable therefor. All moneys (and only those moneys) received by the Paying Agent from drawings under the Letter of Credit to pay principal of, premium, if any, on and interest on the Bonds shall be deposited in the Letter of Credit Debt Service Account and applied to such purpose.

Application of Sinking Fund. Moneys in the Sinking Fund shall be applied as follows:

Moneys in the Letter of Credit Debt Service Account shall be applied to the payment when due of principal of, premium, if any, on and interest on the Bonds (other than Pledged Bonds, for which such moneys shall not be Available Moneys).

Moneys in the General Account shall be applied to the following in the order of priority indicated:

when insufficient moneys have been received under the Letter of Credit for application pursuant to Subsection 4.03(b)(i), the payment when due of principal of, premium, if any, on and interest on the Bonds, other than Pledged Bonds;

the reimbursement of the Bank when due for moneys drawn under the Letter of Credit and deposited in the Letter of Credit Debt Service Account for payment of principal of, premium, if any, on and interest on the Bonds (in applying moneys pursuant to this clause, the Paying Agent shall transfer such moneys by wire transfer of immediately available funds); and  
the payment when due of principal of, premium, if any, on and interest on Pledged Bonds.

**Drawings on Letter of Credit.** By 12:00 noon on the Business Day immediately preceding each Interest Payment Date, each redemption date and the maturity date of the Bonds, the Paying Agent shall present the requisite draft and certificate for a drawing on the Letter of Credit so as to comply with the provisions of the Letter of Credit for payment to be made in sufficient time for the



Paying Agent to receive the proceeds of such drawing at or before 12:00 noon on such Interest Payment Date, redemption date or maturity date, as the case may be, to pay principal of, premium, if any, on and interest on the Bonds due on such date. By 5:00 p.m. on each date it presents the requisite documents for a drawing on the Letter of Credit, the Paying Agent shall give notice to the City by telephone, promptly confirmed in writing, of the amount so drawn. The Paying Agent shall promptly notify the City by facsimile transmission or by oral or telephonic communication confirmed in writing if the Bank fails to transfer funds in accordance with the Letter of Credit upon the presentment of the requisite draft and certificate. In calculating the amount to be drawn on the Letter of Credit for the payment of principal of and interest on the Bonds, whether on an Interest Payment Date, at maturity or upon redemption, the Paying Agent shall not take into account the potential receipt of funds from the City under this Ordinance on such Interest Payment Date, or the existence of any other moneys in the Sinking Fund, but shall draw on the Letter of Credit for the full amount of principal and interest coming due on the Bonds.

**Payment in Full.** Whenever the amount in the Sinking Fund available for the payment of principal or redemption price and interest in accordance with Subsection 4.03(b) is sufficient to redeem all of the outstanding Bonds and to pay interest accrued to the redemption date, the City will cause the Paying Agent to redeem all such Bonds on the redemption date specified by the City pursuant to the Bonds and this Ordinance. Any amounts remaining in the Sinking Fund after payment in full of the principal of and premium, if any, and interest on the Bonds (or provision for payment thereof) and the fees, charges and expenses of the Paying Agent shall be paid to the City.

**Credits.** If at any time the Paying Agent has funds, including funds received pursuant to the Letter of Credit, which under the provisions of this Ordinance are to be applied to pay the principal of, premium, if any, on or interest on the Bonds, the City, to the extent that such funds are to be so applied, shall be entitled to a credit, equal to the amount of such funds, against payments due from the City under this Ordinance; provided that, with respect to funds received pursuant to one or more drawings on the Letter of Credit, the Bank has been reimbursed therefor.

**[Reserved].**

**The Letter of Credit Purchase Account. The Letter of Credit Purchase Account shall be held and administered by the Paying Agent as set forth in Section 5.07 hereof.**

**Moneys to Be Held for All Bondholders, with Certain Exceptions. As provided in the Act, all money deposited in the Sinking Fund as required by the Act and all investments and proceeds of investments thereof shall, without further action or filing, be subject to a perfected security interest for the Holders of the Bonds until such money or investments shall have been properly disbursed or sold.**

All money in the Letter of Credit Purchase Account shall be held by the Paying Agent for the benefit of the Persons who shall have delivered the money at the time on deposit therein or the Holders of Bonds to be purchased therefrom as set forth in Section 5.07 hereof.

As provided in the Act, the Paying Agent, as sinking fund depository, shall return to the City all money deposited in the Sinking Fund for the payment of Bonds which have not been claimed by the Holders thereof after two years from the date when payment thereon was due,

except where such money is held for the payment of outstanding checks, or other instruments of the Paying Agent. Nothing herein, however, shall relieve the City of its liability to the Holders of unrepresented Bonds.

Investment or Deposit of Funds.

**Sinking Fund.** Moneys on deposit in the Sinking Fund shall be deposited, redeposited, invested and reinvested by the Paying Agent, as sinking fund depositary, at the direction of the City, all as provided in the Act. As provided in the Act, all such deposits and investments shall be in the name of the City, but money and investments in the Sinking Fund shall be subject to withdrawal and collection only by the Paying Agent, as sinking fund depositary, for proper purposes. Any investments of money in the Sinking Fund may be sold at any time by the Paying Agent, as sinking fund depositary if cash is required for expenditure, or as directed by the City, through any broker or dealer in securities. Income received from any deposit or investment of money in the Sinking Fund shall be a part of the fund or account invested and may be applied if so desired by the City in reduction of or to complete any required deposits in such fund or account.

**Letter of Credit Purchase Account.** Money deposited in the Letter of Credit Purchase Account shall be held, uninvested, pending application and disbursement in accordance with the provisions of Section 5.07.

**Notification of Insufficient Funds.** *The Paying Agent shall, and the Holders may, immediately notify the Bank if there are insufficient funds in the Sinking Fund to make all regularly scheduled payments of principal of, and interest on, the Bonds when due or to reimburse the Bank for such payments. Such notice shall be provided in the manner required by the Reimbursement Agreement and the Letter of Credit.*

**REDEMPTION AND TENDER OF BONDS**

**Bonds Subject to Redemption.**

While the Bonds are in the Weekly Mode, the Bonds may be redeemed by the City, in whole at any time or in part on any Interest Payment Date, prior to maturity at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

While the Bonds are in a Term Mode, the Bonds shall be subject to optional redemption prior to maturity by the City, only (i) in whole or in part on a Term Rate Period End Interest Payment Date at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date or (ii) prior to the end of the then current Term Rate Period in whole at any time or in part on any Interest Payment Date, provided that the Bonds shall not be redeemable during the No Call Period shown below, which shall begin on the first day of the current Term Rate Period. In each Term Rate Period, after the applicable No Call Period, the Bonds shall be redeemable at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Term Rate Period

<u>Equal to or Greater Than</u>	<u>But Less Than</u>	<u>No Call Period</u>
10 Years	N/A	8 Years
5 Years	10 Years	5 Years
N/A	5 Years	2 Years

In connection with any conversion to a Term Mode, the City may, by written stipulation delivered to the Paying Agent, the Remarketing Agent and the Bank, waive or otherwise alter its right to direct the optional redemption of the Bonds and any redemption premium that may become payable in connection therewith; provided that, at least 30 days (or such shorter period as shall be acceptable to the Paying Agent, the Remarketing Agent and the Bank) prior to the respective Conversion Date, there is delivered to the Paying Agent, the Remarketing Agent and the Bank (1) a notice from the City setting forth such waiver or alteration and (2) an opinion of Bond Counsel to the effect that such waiver or alteration is authorized or permitted under this Ordinance and the Act. Any such revisions of the redemption period and redemption price will not be considered an amendment of or a supplement to the Ordinance and will not require the consent of a Bondholder or any other person or entity.

The City may only call Bonds for optional redemption pursuant to this Subsection which would require a payment of a premium if (i) the Paying Agent can draw under the Letter of Credit moneys sufficient to pay such premium with respect to all Bonds other than any Pledged Bonds and (ii) the Bank has consented to such optional redemption.

If optional redemption at a redemption price exceeding 100% of the principal amount to be redeemed is to take place as of any applicable mandatory redemption date identified in Subsection 5.01(c), the Bonds, or portions thereof, to be so redeemed shall be selected pursuant to the provisions of Section 5.02 prior to the selection of the Bonds to be redeemed on the same date by operation of the mandatory redemption provisions of Subsection 5.01(c).

**The Bonds are subject to mandatory sinking fund redemption prior to stated maturity, on \_\_\_\_\_ of the years and in the principal amounts set forth in the following schedule, as drawn by lot in a fair and equitable manner by the Paying Agent.**

<u>Years</u>	<u>Amount</u>
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\_\_\_\_\_  
\*Maturity

Any such redemption shall be upon application of the moneys available for such purpose hereunder, upon payment of the redemption price equal to 100% of the principal amount thereof, together with accrued interest.

**Mandatory Redemption Upon Expiration of Letter of Credit Without Replacement.**  
**While the Bonds are in a Term Mode, the Bonds are subject to mandatory redemption in whole by the City on the Interest Payment Date next preceding the Expiration Date of the Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment**

Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; provided that, if such Interest Payment Date is a Term Rate Period End Interest Payment Date, then such Bonds shall not be so redeemed but shall be subject to mandatory purchase as provided in Section 5.04. The redemption price of Bonds so redeemed shall be equal to the redemption price that would be applicable to such Bonds if they were redeemed by optional redemption pursuant to Subsection 5.01(b); provided that if such redemption will occur during the applicable No Call Period under Subsection 5.01(b), then the redemption price shall be equal to the optional redemption price that would be applicable to such Bonds on the first day after the expiration of the applicable No Call Period plus a supplemental premium in the amount (expressed as a percentage of the principal amount of the Bonds to be redeemed) that corresponds to the then remaining No Call Period, as follows:

<u>Remaining No Call Period</u>	<u>Supplemental Premium</u>
<u>Equal to or But Less Than</u>	<u>Greater Than</u>
6 Years – N/A	3%
3 Years – 6 Years	2%
N/A – 3 Years	1%

In connection with any conversion to a Term Mode, the City may, by written stipulation delivered to the Paying Agent, the Remarketing Agent and the Bank, waive or otherwise alter any redemption premium or any supplemental premium which may become payable in connection with a mandatory redemption upon expiration of the Letter of Credit; provided that, at least 30 days (or such shorter period as shall be acceptable to the Paying Agent, the Remarketing Agent and the Bank) prior to the respective Conversion Date, there is delivered to the Paying Agent, the Remarketing Agent and the Bank (1) a notice from the City setting forth such waiver or alteration and (2) an opinion of Bond Counsel to the effect that such waiver or alteration is authorized or permitted under this Ordinance and the Act. Any such revisions of the redemption period and redemption price will not be considered an amendment of or a supplement to the Ordinance and will not require the consent of a Bondholder or any other person or entity.

**[Redemption of Pledged Bonds.** Any Pledged Bonds held by the Bank pursuant to the terms and conditions of the Reimbursement Agreement shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon at the rate specified in such Reimbursement Agreement to the redemption date, on the dates and in the principal amounts described in the Reimbursement Agreement.]

**Use of Certain Funds to Redeem Bonds.** The Paying Agent shall draw on the Letter of Credit in the manner provided by Section 4.03 hereof to pay the principal of and premium (if any) and interest on any Bonds called for redemption pursuant to this Section. Except as otherwise provided in this Section, the Paying Agent shall pay the redemption price on all Bonds redeemed under this Section in the manner and from the sources set forth in Section 4.03 with respect to the payment of Bond Service. The Paying Agent shall only call Bonds for optional

redemption pursuant to subsection 5.01(a) or 5.01(b) if (i) it holds moneys in the Sinking Fund available for payment of the Bonds to be redeemed pursuant to Section 4.03(b) or (ii) the Bank has consented to such optional redemption.

Notice and Effective Date of Redemption, Redemption in Part, Payment of Redeemed Bonds.

When required to redeem Bonds under any provision of this Ordinance, or when directed to do so by the City pursuant to the provisions of this Ordinance, the Paying Agent shall cause notice of the redemption to be given not more than 60 days and not less than 15 days (30 days if the Bonds are in a Term Mode) prior to the redemption date, except in the case of a redemption pursuant to Subsection 5.01(d) in which case the Paying Agent shall cause notice to be given not more than 45 days and not less than 15 days (30 days if the Bonds are in a Term Mode) prior to the redemption date, by mailing copies of such notice of redemption by first class mail, postage prepaid, to all Holders of Bonds to be redeemed at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the redemption of any other Bond with respect to which notice was properly given. Each such notice shall be dated and shall be given in the name of the City and shall state the following information:

the identification numbers, as established under this Ordinance, and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

any other descriptive information needed to identify accurately the Bonds being redeemed;

in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

the redemption date;

the redemption price;

that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

the place where such Bonds are to be presented and surrendered for payment of the redemption price, which place of payment shall be the Payment Office of the Paying Agent.

In addition, the Paying Agent shall at all reasonable times make available to any interested party complete information as to Bonds which have been redeemed or called for redemption.

In addition to the foregoing notice, further notice of any redemption of Bonds hereunder shall be given by the Paying Agent, at least two Business Days in advance of the mailed notice to Holders, by registered or certified mail or overnight delivery service to (i) the Rating Service and to *The Bond Buyer*, or their respective successors, if any, and to (ii) Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service", 55 Bond Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government", 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Report; and Standard and Poor's "Called Bond Record", 26 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services, as the City may designate in writing with respect to the Bonds, or no such services, as the City may designate in a certificate of the City delivered to the Paying Agent. So long as the Bonds or any portion thereof are held by DTC, the Paying Agent shall send each notice of redemption of the Bonds to DTC at 711 Stewart Avenue, Garden City, New York, 11530, Attention: Call Notification Department (FAX: 516-227-4039) or at such other address as may be provided by DTC in writing to the Paying Agent from time to time. The foregoing notice of redemption shall be sent to DTC by legible facsimile transmission, certified or registered mail, overnight delivery service or another secure method which enables the Paying Agent subsequently to verify the transmission of such notice. Such further notice shall contain the information required in Subsection 5.02(a). Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Holders as prescribed in Subsection 5.02(a).

If at the time of mailing of notice of any optional redemption there shall not have been deposited moneys in the Sinking Fund available for payment pursuant to Subsection 4.03(b) sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys in the Sinking Fund available for payment pursuant to Section 4.03 not later than 12:00 noon on the redemption date, in which case such notice shall be of no effect unless moneys are so deposited.

**Partial Redemption.** If fewer than all of the Bonds are to be redeemed, the selection of Bonds or portions thereof to be redeemed shall be made by lot or by such other method as the Paying Agent deems fair and appropriate; provided that (i) any Pledged Bonds shall be redeemed first, and (ii) if any Bond is to be redeemed in part, the principal portion to remain outstanding must be equal to \$100,000 or any whole multiple of \$5,000 in excess thereof. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$100,000 are then outstanding, each \$100,000 unit (or unit of \$100,000 plus an integral multiple of \$5,000 in excess thereof, if applicable) of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$100,000. If it is determined that a portion, but not all, of the face value represented by a Bond is to be called for redemption, then upon notice of redemption of the portion to be redeemed, the Holder of that Bond shall, subject to Section 3.09, surrender the Bond to the Paying Agent (a) for payment of the redemption price of the portion called for redemption (including without limitation the interest accrued to the date fixed for redemption and any premium) and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of any

authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

**Payment of Redeemed Bonds.** If (a) unconditional notice of the redemption has been duly given or duly waived by the Holders of all Bonds called for redemption or (b) conditional notice of redemption has been so given or waived and Available Moneys for such redemption have been duly deposited with the Paying Agent, then in either such case the Bonds called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price together with accrued interest shall be made by the Paying Agent, out of revenues or other funds deposited for such purpose, to or upon the order of the Holders of the Bonds called for redemption upon surrender of such Bonds, except as otherwise provided in Section 3.09.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

All moneys deposited in the Sinking Fund and held by the Paying Agent for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds, except as otherwise provided in Section 3.09.



*Purchase on Demand of Holder During Weekly Mode. While the Bonds are in the Weekly Mode, any Bond (or portion thereof in an authorized denomination) shall be purchased on the demand of the Holder thereof on any Business Day designated by such Holder in a Bondholder Tender Notice at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Purchase Date, if there is delivered to the Paying Agent at its Designated Office, and to the Remarketing Agent at its Principal Office, a Bondholder Tender Notice which (i) states the principal amount (or portion thereof) of such Bond and (ii) states the Purchase Date on which such Bond (or portion thereof) shall be purchased pursuant to this Section, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent and the Remarketing Agent; provided that, in the case of a Bond to be purchased in part, both the portion of the Bond to be purchased and the portion which is not to be purchased must be in an authorized denomination. By delivering the Bondholder Tender Notice, the Holder irrevocably agrees to deliver such Bond, if not held in book-entry form, duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent, to the Delivery Office of the Paying Agent or any other address designated by the Paying Agent at or prior to 10:00 a.m. on the Purchase Date specified in the Bondholder Tender Notice. The determination by the Paying Agent of a Holder's compliance with the Bondholder Tender Notice and Bond delivery requirements of this Section is in the sole discretion of the Paying Agent and binding on the City, the Remarketing Agent, the Bank and the Holder of the Bonds. Any Bondholder Tender Notice which the Paying Agent determines is not in compliance with this Section shall be of no force or effect.*

So long as the Bonds are registered to, and held in book-entry form by, DTC or its nominee, the beneficial owner of Bonds is responsible for submitting the Bondholder Tender Notice and shall be treated as the Holder of such Bonds for such purpose, and such notice need only be submitted to the Remarketing Agent.

Any election by a Holder to tender a Bond (or portion thereof) for purchase on a Business Day in accordance with this Section shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder. Each Bondholder Tender Notice shall automatically constitute (i) an irrevocable offer to sell the Bond (or portion thereof) to which such notice relates on the Purchase Date at a price equal to the purchase price of such Bond (or portion thereof), (ii) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Bond (or portion thereof) upon payment of the purchase price to the Paying Agent on the Purchase Date, (iii) with respect to a tender of a portion of a Bond, an irrevocable authorization and instruction to the Paying Agent to effect the exchange of such Bond in part for other Bonds in a principal amount equal to the retained portion so as to facilitate the sale of the tendered portion of such Bond, and (iv) an acknowledgment that such Holder will have no further rights with respect to such Bond (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the Purchase Date, except for the right of such Holder to receive such purchase price upon surrender of such Bond, if not held in book-entry form, to the Paying Agent endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent and that after the Purchase Date such Holder will hold such Bond as agent for the Paying Agent. If the Bonds are not held in book-entry form and, after

delivery to the Paying Agent and the Remarketing Agent of a Bondholder Tender Notice in accordance with this Section, the Holder making such election shall fail to deliver such Bond or Bonds described in the Bondholder Tender Notice to the Paying Agent at its Delivery Office on or before 10:00 a.m. on the applicable Purchase Date as required by this Section, then the undelivered Bond or portion thereof (the "Undelivered Bond") described in such Bondholder Tender Notice shall be deemed to have been tendered for purchase to the Paying Agent and, to the extent that there shall be held by the Paying Agent on or before the applicable Purchase Date an amount sufficient to pay the purchase price thereof and available for such purpose pursuant to the terms of this Section, such Undelivered Bond shall on such Purchase Date cease to bear interest and no longer shall be considered to be outstanding. Moneys held by the Paying Agent for the purchase of the Undelivered Bonds in accordance with the provisions of this Section shall be held in a special separate trust account for the Holders of such Undelivered Bonds. Such moneys shall be held by the Paying Agent uninvested and without liability for interest pending delivery of such Undelivered Bonds to the Paying Agent.

The Paying Agent shall, as to any Undelivered Bond, promptly place a stop transfer against an appropriate amount of Bonds registered in the name of the Holder thereof on the Register. The Paying Agent shall place such stop transfer commencing with the lowest serial number Bond registered in the name of such Holder (until stop transfers have been placed against an appropriate amount of Bonds) until the appropriate tendered Bonds are delivered to the Paying Agent. Upon such delivery, the Paying Agent shall make any necessary adjustments to the Register.

If the Bonds are not held in book-entry form and if for any reason a Holder fails to deliver a tendered Bond to the Paying Agent on the Purchase Date, the City shall execute and the Paying Agent shall authenticate and deliver in accordance with Section 5.06 a new Bond or Bonds in replacement of the Undelivered Bond. The replacement of any such Undelivered Bond shall not be deemed to create new indebtedness, but such Bond as is issued in replacement shall be deemed to evidence the indebtedness previously evidenced by the Undelivered Bond.

A Holder who gives a Bondholder Tender Notice may repurchase the Bonds so tendered on the Purchase Date if the Remarketing Agent agrees to remarket such Bond to such Holder, and if the Remarketing Agent agrees to remarket the specified Bond to such Holder prior to delivery of such Bonds as set forth above, the delivery requirement set forth above shall be waived.

Upon surrender of any Bond (which is not held in book-entry form) for purchase in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the Holder thereof a new Bond or Bonds of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unpurchased portion of the Bond surrendered.

On the date set for purchase of Bonds to be purchased pursuant to this Section and upon receipt by the Paying Agent of 100% of the aggregate purchase price of such Bonds, the Paying Agent shall pay the purchase price of such Bonds to the selling Holders thereof at its Payment Office at or before 3:00 p.m.; provided that such Bond (if not held in book-entry form) shall have been surrendered to the Paying Agent properly endorsed for transfer on such date with all signatures guaranteed at or prior to 10:00 a.m. on such Purchase Date. Such payment shall be made in immediately available funds and shall be made only with the following funds in the following order of availability:

**moneys held in the Remarketing Proceeds Purchase Account representing proceeds from the remarketing of such Bonds by the Remarketing Agent to any Person other than the City;**

moneys constituting Available Moneys held in the Sinking Fund and available to make such payment;

proceeds from a drawing on the Letter of Credit deposited directly into the Letter of Credit Purchase Account (provided that such proceeds shall not be applied to purchase Pledged Bonds); and

payments made by the City pursuant to Section 4.03(a) of this Ordinance.

No purchase of Bonds pursuant to this Section shall be deemed to be a payment or a redemption of such Bonds or any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness of such Bonds.

**Mandatory Purchase on Conversion Date and at End of Term Rate Period; Upon Expiration of Letter of Credit; and Upon Issuance of Alternate Letter of Credit. The Bonds shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof plus, in the case of purchases on a Purchase Date which is not an Interest Payment Date, accrued interest thereon, as follows:** on each Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day succeeding such Conversion Date, and on the first Business Day immediately following the end of each Term Rate Period; while the Bonds are in the Weekly Mode, on the Interest Payment Date next preceding by at least two Business Days the Expiration Date of the Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; and on the Interest Payment Date on which an Alternate Letter of Credit is issued pursuant to Section 5.10.

The Paying Agent shall cause notice of any mandatory purchase to be given not more than 45 and not less than 15 days prior to the Purchase Date, by mailing copies of such notice of mandatory purchase by first class mail, postage prepaid, to all Holders of Bonds to be purchased at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was properly given. Each such notice shall be dated and shall be given in the name of the City and shall state the following information: (i) the identification numbers, as established under this Ordinance, and the CUSIP numbers, if any, of the Bonds being purchased; (ii) any other descriptive information needed to identify accurately the Bonds; (iii) the Purchase Date; (iv) the purchase price; (v) that on the Purchase Date the purchase price will become due and payable upon each Bond; (vi) the place where the Bonds are to be delivered for payment of the purchase price, which place of payment shall be the Delivery Office of the Paying Agent; and (vii) the Holders of Bonds subject to mandatory purchase shall be required to deliver their Bonds for purchase to the Paying Agent at its Delivery Office prior to 10:00 a.m. on the corresponding Purchase Date, and any Bond not so delivered prior to 10:00 a.m. on the applicable Purchase Date (an "Undelivered Bond") shall be deemed to have been tendered to the Paying Agent as of such Purchase Date and, from and after such Purchase Date, shall cease to bear interest and no longer shall be considered to be outstanding. In the event of a failure by a Holder to deliver such Holder's Bond on or before the applicable Purchase Date, such Holder shall not be entitled to any payment (including any interest to accrue subsequent to such Purchase Date) other than the purchase price for such Undelivered Bond, such Undelivered Bond shall no longer be entitled to the benefits of this Ordinance, except for the purpose of payment of the purchase price therefor, and such Holder shall thereafter hold such Undelivered Bond as

agent for the Paying Agent. If for any reason a Holder fails to deliver to the Paying Agent on or before the applicable Purchase Date any Bond remarketed by the Remarketing Agent pursuant to Section 5.06, the City shall execute and the Paying Agent shall authenticate and deliver to the Remarketing Agent for redelivery to the purchaser a new Bond or Bonds in replacement of the Undelivered Bond. The replacement of any such Undelivered Bond shall not be deemed to create new indebtedness, but such Bond as is issued in replacement shall be deemed to evidence the indebtedness previously evidenced by the Undelivered Bond.

On the date set for purchase of Bonds to be purchased pursuant to this Section 5.04 and upon receipt by the Paying Agent of 100% of the aggregate purchase price of such Bonds, the Paying Agent shall pay the purchase price of such Bonds to the selling Holders thereof at its Delivery Office at or before 3:00 p.m.; provided that such Bonds shall have been surrendered to the Paying Agent properly endorsed for transfer on such date with all signatures guaranteed at or prior to 10:00 a.m. on such date. Such payment shall be made in immediately available funds and payment for Bonds purchased pursuant to this Section shall be made only with the following funds in the following order of availability:

**moneys held in the Remarketing Proceeds Purchase Account representing proceeds from the remarketing of such Bonds by the Remarketing Agent to any Person other than the City;**

**moneys constituting Available Moneys held in the Sinking Fund and available to make such payment;**

**proceeds from a drawing on the Letter of Credit deposited directly into the Letter of Credit Purchase Account (provided that such proceeds shall not be applied to purchase Pledged Bonds); and**

**payments made by the City pursuant to Section 4.03(a) of this Ordinance.**

No purchase of Bonds pursuant to this Section shall be deemed to be a payment or a redemption of such Bonds or any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness of such Bonds.

[Reserved].

**Remarketing. Upon delivery of a Bondholder Tender Notice to the Paying Agent and the Remarketing Agent (or to the Remarketing Agent only in the case of Bonds held in book-entry form) pursuant to Section 5.03 and not later than the fifth day preceding the Purchase Date for each mandatory purchase pursuant to Section 5.04, the Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale of the Bonds identified in the Bondholder Tender Notice pursuant to Section 5.03 or all Bonds subject to mandatory purchase pursuant to Section 5.04 (other than any Bonds purchased in anticipation of the expiration of the Letter of Credit or at the direction of the Bank), at a price equal to the principal amount thereof plus, in the case of purchases on a Purchase Date which is not an Interest Payment Date, accrued interest thereon, for settlement in immediately available funds at or before 10:30 a.m. on the applicable Purchase Date. Except as otherwise expressly provided herein, the Remarketing Agent may not remarket to the City any Bonds to be purchased pursuant to Section 5.03 or 5.04. In its capacity as a registered broker-dealer, the Remarketing Agent may, but is not obligated to, acquire for its own account**

**any Bonds to be so purchased, but not otherwise remarketed, in which case the Remarketing Agent shall have remarketed such Bonds to itself. The Remarketing Agent may purchase and sell Bonds for its own account at any time.**

At or before 2:00 p.m. on the Business Day preceding the Purchase Date of Bonds to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section (or such other time as to which the Paying Agent and the Remarketing Agent may agree), the Remarketing Agent shall give notice by telegram, telex, telecopy or other similar communication to the Paying Agent of the names, addresses and taxpayer identification numbers of the purchasers and the denominations of Bonds to be delivered to each purchaser and, if available, the payment instructions for regularly scheduled interest payments.

The Remarketing Agent shall, at or before 10:30 a.m. on the Purchase Date of Bonds to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section, give telephonic notice, promptly confirmed in writing, to the Paying Agent, the City and the Bank specifying the principal amount of Bonds remarketed and not remarketed, respectively, and the amount representing the purchase price of Bonds which the Remarketing Agent does not then hold in trust.

The Remarketing Agent shall cause to be paid to the Paying Agent in immediately available funds by 1:00 p.m. on the Purchase Date of Bonds to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section, all amounts (if any) then held by the Remarketing Agent representing proceeds of the remarketing of such Bonds. All such remarketing proceeds received by the Paying Agent shall be deposited by the Paying Agent in the special trust account designated as the Remarketing Proceeds Purchase Account which the Paying Agent shall establish and use as provided in this Article V and shall not be commingled with other funds held by the Paying Agent. All moneys in the Remarketing Proceeds Purchase Account shall be held in trust, uninvested and without liability for interest thereon, pending application of such moneys by the Paying Agent pursuant to this Article.

On the Purchase Date of Bonds to be purchased pursuant to Sections 5.03 or 5.04, the Paying Agent shall register (or hold) all Bonds purchased on such date as follows:

**Bonds remarketed by the Remarketing Agent shall be registered and made available (at the Delivery Office of the Paying Agent) to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent delivered to the Paying Agent pursuant to this Section 5.06, provided that the provisions of this clause (a) shall not apply to Bonds purchased pursuant to Section 5.03 which are held in book-entry form; and Bonds purchased with proceeds of a drawing on the Letter of Credit which are Pledged Bonds shall be held as Pledged Bonds in accordance with Section 5.08.**

Any Bond (or portion thereof) with respect to which the Paying Agent receives a Bondholder Tender Notice pursuant to Section 5.03 on or after the date notice of a mandatory purchase pursuant to Section 5.04 or redemption pursuant to Section 5.02 is given and before the corresponding mandatory Purchase Date or redemption date, respectively, shall not be remarketed except to a buyer who receives and acknowledges the binding effect of such notice. Bonds purchased on or after the date notice of mandatory purchase is given and before the corresponding mandatory Purchase Date and not remarketed, shall not be subject to mandatory purchase, but shall remain outstanding. In addition, Bonds which are defeased and deemed paid

pursuant to the Act shall not be remarketed but shall be canceled upon being purchased pursuant to Section 5.03 or 5.04 in accordance with the Bond cancellation provisions of Section 3.05.

Anything in this Ordinance to the contrary notwithstanding, the Remarketing Agent shall have no obligation (i) to remarket any Bonds which are not supported by the Letter of Credit or an Alternate Letter of Credit as contemplated by this Ordinance or (ii) to determine Term Rates or to find purchasers for and arrange for the sale of the Bonds on or after a Conversion Date or to make any effort to such end, except to the extent the Remarketing Agent shall have expressly and specifically agreed in writing with the City to perform such duties.

**Drawings on Letter of Credit for Purchase of Bonds. As provided by Section 5.06, the Remarketing Agent shall advise the Paying Agent of the amounts not held by the Remarketing Agent which shall be drawn under the Letter of Credit in order for the Paying Agent to make timely payments of purchase price of Bonds from remarketing proceeds or moneys drawn under the Letter of Credit. In the absence of such notice, the Paying Agent shall be deemed to have received notice from the Remarketing Agent specifying that no portion of the purchase price of such Bonds is held by the Remarketing Agent, in which case the Paying Agent shall draw the entire amount thereof under the Letter of Credit. Prior to 11:00 a.m. on each Purchase Date, the Paying Agent shall take all action necessary to draw on the Letter of Credit in accordance with its terms, the amounts specified (or deemed specified) for receipt by the Paying Agent on such Purchase Date. The Paying Agent shall establish a special trust account designated as the Letter of Credit Purchase Account into which the Paying Agent shall deposit and hold in trust, uninvested and without liability for interest thereon, all such amounts (and only such amounts) received by the Paying Agent from drawings on the Letter of Credit for purchases of Bonds pending application of such amounts by the Paying Agent pursuant to this Article V. Any remaining amounts in the Letter of Credit Purchase Account after any application required by this Article V shall be paid over by the Paying Agent to the Bank as reimbursement for the drawing on the Letter of Credit from which such amounts were derived; provided that the Letter of Credit shall be reinstated to the extent of such reimbursement and the Paying Agent shall take all necessary action on its part pursuant to the Letter of Credit to effect such reinstatement. Anything herein to the contrary notwithstanding, no amounts drawn on the Letter of Credit shall be applied to the purchase of Pledged Bonds.**

Any moneys paid by the City pursuant to Section 4.03(a) of this Ordinance for purchase of Bonds tendered for purchase pursuant to this Ordinance shall be deposited by the Paying Agent in a special trust account designated as the City Purchase Account which the Paying Agent shall establish and use to (i) reimburse the Bank for drawings under the Letter of Credit for such purpose or (ii) if moneys derived from a drawing under the Letter of Credit are insufficient to pay such purchase price, pay the purchase price of such Bonds.

**Bonds Purchased with Proceeds of Letter of Credit.**

**Pledged Bonds.** Bonds purchased with proceeds of a drawing on the Letter of Credit pursuant to this Article shall constitute "Pledged Bonds" and shall be held by the Paying Agent as agent for the Bank as pledgee of the City pursuant to the

Reimbursement Agreement (and shall be shown as such on the Register and, if held in book-entry form, in the ownership records maintained by DTC and any applicable DTC participant) unless and until (1) the Paying Agent has confirmation from the Bank to the extent contemplated by the terms of the Letter of Credit that the Letter of Credit has been reinstated with respect to such drawing and (2) the Bank has notified the Paying Agent by telephone (thereafter promptly confirmed in writing) that such Bonds have been released from the pledge pursuant to the Reimbursement Agreement and are no longer Pledged Bonds. Pending reinstatement of the Letter of Credit and release of such pledge as aforesaid, the Bank shall be entitled to receive all payments of principal of and interest on Pledged Bonds at the rate set forth in the Reimbursement Agreement as pledgee of the City and such Bonds shall not be transferable or deliverable to any party (including the City) except the Bank pursuant to the Reimbursement Agreement.

**Remarketing of Pledged Bonds.** The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Pledged Bonds required to be remarketed pursuant to Section 5.06, subject to full reinstatement of the Letter of Credit with respect to the drawings with which such Bonds were purchased, at a price equal to the principal amount thereof plus accrued interest.

**Notice of Remarketing.** At or prior to 2:00 p.m. on the Business Day preceding each day on which any Pledged Bonds that are successfully remarketed by the Remarketing Agent are to be purchased, the Remarketing Agent shall give telephonic notice, promptly confirmed in writing, to the Paying Agent, the City and the Bank specifying:

the Business Day on which such purchase will take place and the principal amount of Pledged Bonds successfully remarketed by the Remarketing Agent, and

to the Paying Agent only, the names, addresses and tax identification numbers of the proposed purchasers thereof and the denominations of Bonds to be delivered to each purchaser and, if available, the payment instructions for regularly scheduled interest payments.

**Delivery of Remarketed Pledged Bonds and Proceeds Thereof.**

Contemporaneously with reinstatement of the Letter of Credit as described in Subsection 5.08(a) and the sale of Pledged Bonds arranged by the Remarketing Agent as described in Subsection 5.08(b), (i) such Bonds (if not held in book-entry form) shall be made available (at the Delivery Office of the Paying Agent) to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent and (ii) the proceeds of such sale shall be delivered to the Bank for the account of the City to be applied to any unpaid reimbursement obligation under the Reimbursement Agreement with respect to the prior drawings made on the Letter of Credit in respect of the purchase of such Bonds.

**Inadequate Funds for Purchases.** *If the funds available for purchases of Bonds are inadequate for the purchase of all Bonds tendered on any Purchase Date pursuant to this Section 5, the Paying Agent shall, after any applicable grace period: (a) return all tendered Bonds to the Holders thereof; and (b) return all moneys received for the purchase of such Bonds (other than moneys provided by*

**the City and other than Letter of Credit proceeds, unless the Letter of Credit is reinstated with respect thereto) to the Persons providing such moneys; provided that the Holders shall retain all rights to tender Bonds pursuant to the terms of this Section 5.**

**Letter of Credit.**

**Extension or Replacement in Anticipation of Expiration.** At least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the Interest Payment Date next preceding the Expiration Date of the current Letter of Credit, the City may provide for the delivery to the Paying Agent of (1) an amendment to the Letter of Credit which extends the Expiration Date to a date that is not earlier than six months from its then current Expiration Date and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days or (2) if the Bonds are in a Weekly Mode or if the Interest Payment Date next preceding the Expiration Date of the current Letter of Credit is a Term Rate Period End Interest Payment Date, an Alternate Letter of Credit issued by a national banking association, a bank, a trust company or other financial institution or credit provider, which shall have terms which are the same in all material respects (except the Expiration Date and except any changes pursuant to this Ordinance with respect to interest or premium coverage in connection with a concurrent interest rate reset or conversion) as the current Letter of Credit and which shall have an Expiration Date that is not earlier than one year from the Expiration Date of the Letter of Credit then in effect and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days. The City shall be deemed to have provided for such amendment extending the Letter of Credit or for such Alternate Letter of Credit if the City shall have delivered to the Paying Agent, in form satisfactory to the Paying Agent, a commitment from the Bank or the proposed provider of the Alternate Letter of Credit to deliver such amendment or Alternate Letter of Credit on or before the Interest Payment Date next preceding the current Expiration Date of the Letter of Credit; provided that if such amendment or Alternate Letter of Credit is not delivered to the Paying Agent on or before such Interest Payment Date, an event of default shall be deemed to have occurred hereunder.

Any such amended Letter of Credit or Alternate Letter of Credit shall provide for drawings to pay up to (i) while the Bonds are in the Weekly Mode, an amount equal to the principal amount of the outstanding Bonds, plus [43] days interest thereon computed at 12% per annum based on a 365-day year, and (ii) while the Bonds are in a Term Mode, an amount equal to the principal amount of the outstanding Bonds, plus 200 days interest thereon at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months), plus an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Bonds upon mandatory redemption if such amended Letter of Credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein.

The Paying Agent shall not accept an Alternate Letter of Credit under this Subsection unless there shall have been delivered to the Paying Agent an opinion of counsel to the Bank satisfactory to the Paying Agent with respect to the validity, binding effect and enforceability of such Alternate Letter of Credit.

If the Letter of Credit is extended as described above, the mandatory redemption pursuant to Subsection 5.01(d), or the mandatory purchase pursuant to Section 5.04(b), shall not occur. If



an Alternate Letter of Credit is delivered, the Bonds will be subject to mandatory purchase pursuant to Section 5.04(c). Unless all of the conditions of this Subsection which are required to be met 45 days (or such shorter period as shall be acceptable to the Paying Agent) preceding the Interest Payment Date next preceding the Expiration Date of the Letter of Credit have been satisfied, the Paying Agent shall take all action necessary to call the Bonds for mandatory redemption pursuant to Section 5.01(d), or mandatory purchase pursuant to clause (b) of Section 5.04, as applicable, on the Interest Payment Date next preceding such Expiration Date; provided that if the City shall have notified the Paying Agent in writing that it expects to meet all the conditions for the delivery of an amendment extending the existing Letter of Credit on or before the Interest Payment Date next preceding the Expiration Date of the existing Letter of Credit, then the notice of mandatory redemption pursuant to Subsection 5.01(d), or mandatory purchase pursuant to clause (b) of Section 5.04, shall state that it is subject to rescission, and the Paying Agent shall rescind such notice, if such conditions are so met (in which case such mandatory redemption or mandatory purchase shall not occur).

The provisions of this Subsection with respect to the substitution of an Alternate Letter of Credit in the event that the Expiration Date of the Letter of Credit is not extended shall apply equally to the substitution of another Alternate Letter of Credit in the event that the Expiration Date of an existing Alternate Letter of Credit is not extended.

**Other Replacement.** The delivery of an Alternate Letter of Credit in anticipation of the expiration of the current Letter of Credit shall be governed by Subsection 5.10(a). In addition, except as provided in the following sentence, the City may at any time provide for the delivery to the Paying Agent of an Alternate Letter of Credit which shall have terms which are the same in all material respects (except as to Expiration Date and except any changes pursuant to this Ordinance with respect to interest or premium coverage in connection with a concurrent interest rate reset or conversion) as the current Letter of Credit. Notwithstanding the foregoing, if the Bonds are in a Term Mode, an Alternate Letter of Credit may be substituted for the then current Letter of Credit only on a Term Rate Period End Interest Payment Date. Any Alternate Letter of Credit delivered pursuant to this paragraph (b) shall (1) replace the then existing Letter of Credit on an Interest Payment Date, (2) have an Expiration Date that is not less than one year from the date of its delivery and not sooner than the Expiration Date of the current Letter of Credit then in effect and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days, (3) be issued by a national banking association, a bank, a trust company or other financial institution or credit provider, and (4) be accompanied by an opinion of counsel to the Bank with respect to the validity, binding effect and enforceability of such Alternate Letter of Credit. The City shall deliver to the Paying Agent at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the proposed replacement of a Letter of Credit, the Alternate Letter of Credit or a commitment, in form satisfactory to the Paying Agent, from the Bank to deliver such Alternate Letter of Credit on the effective date thereof, together with the opinions referred to above.

Any Alternate Letter of Credit shall provide for drawings to pay up to (i) while the Bonds are in the Weekly Mode, an amount equal to the principal amount of the outstanding Bonds, plus [43] days interest thereon computed at 12% per annum based on a 365-day year, and (ii) while the Bonds are in a Term Mode, an amount equal to the principal amount of the outstanding Bonds, plus 200 days interest thereon at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months) plus an amount equal to the sum

of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Bonds upon mandatory redemption if such irrevocable letter of credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein. The Paying Agent shall take all action necessary to call the Bonds for mandatory purchase pursuant to Section 5.04(c) in connection with the delivery of an Alternate Letter of Credit.

If the requirements set forth in this Subsection are met, then the Paying Agent shall accept such Alternate Letter of Credit and promptly surrender for cancellation the previously held Letter of Credit to the issuer thereof in accordance with the terms of such Letter of Credit; provided, however, that such Letter of Credit shall not be so surrendered until after the Paying Agent has drawn upon such Letter of Credit with respect to any amount necessary to pay principal of or interest on the Bonds then due and the purchase price of Bonds subject to mandatory purchase pursuant to Section 5.04(c), and any amounts so drawn have been received by the Paying Agent.

**Reduction.** In each case that Bonds are redeemed or defeased and deemed to have been paid pursuant to the Act, the Paying Agent shall take such action as may be permitted under the Letter of Credit to reduce the amount available thereunder to an amount equal to the principal amount of the outstanding Bonds, plus (i) while the Bonds are in the Weekly Mode, [43] days interest on such principal amount computed at 12% per annum based on a 365-day year, and (ii) while the Bonds are in Term Mode, 200 days interest on such principal amount computed at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months); provided that such action by the Paying Agent shall not be required if the Letter of Credit so reduces automatically pursuant to its terms.

**Substitution by Bank.** Upon reduction of the amount available under the Letter of Credit pursuant to the terms of the Letter of Credit and Subsection 5.10(c) as a result of redemption of Bonds, the Bank shall have the right, at its option, to require the Paying Agent to promptly surrender the outstanding Letter of Credit to the Bank and to accept in substitution therefor a substitute Letter of Credit in the same form, dated the date of such substitution, for an amount equal to the amount available under the Letter of Credit as so reduced, but otherwise having terms identical to the then outstanding Letter of Credit.

**Other Credit Enhancement; No Credit Enhancement.** *After a mandatory purchase of the Bonds pursuant to clause (b) of Section 5.04, nothing in this Section 5 shall limit the City's right to provide other credit enhancement (such as a letter of credit not meeting the requirements of this Section or bond insurance) or no credit enhancement as security for the Bonds; provided that any such credit enhancement shall have administrative provisions reasonably satisfactory to the Paying Agent.*

**Reimbursement Agreement and Payment Agreement Authorized.** *The City, simultaneously with the issuance and delivery of the Bonds to the Purchaser, shall cause the Paying Agent to enter into the Payment Agreement and shall enter into the Reimbursement Agreement with the Bank.*

The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the City Clerk are hereby authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Reimbursement Agreement and the Payment Agreement in such form or with such changes therein as shall be

satisfactory to the special counsel to the City and approved by the officers executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Reimbursement Agreement and the Payment Agreement.

The proper officers of the City are hereby authorized to do, to take and to authorize all acts and things necessary on the part of the City to fulfill its obligations under the terms of the Reimbursement Agreement and the Payment Agreement, including without limiting the generality of the foregoing, payment of fees and expenses of the Bank required to be paid by the City under the terms thereof.

**THE REMARKETING AGENT**

**The Remarketing Agent. The City hereby appoints Wachovia Bank, National Association, as the initial remarketing agent for the Bonds. Such Remarketing Agent and each successor Remarketing Agent appointed by the City shall specify its Designated Office and signify its acceptance of the duties and obligations imposed upon it as described herein by execution and delivery of the Remarketing Agreement or, in connection with the appointment of a successor Remarketing Agent, a written instrument delivered to the City and the Paying Agent under which the Remarketing Agent will agree, particularly:**

**to hold all money delivered to it for the purchase of Bonds in trust for the exclusive benefit of the Person or Persons that shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such Person or Persons;**  
**to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Paying Agent and the Bank at all reasonable times;**  
**to determine the Weekly Rate or the Term Rate when and as required herein and give notice of such rate to the Persons and in the manner required by herein;**  
**subject to any conditions set forth in the instrument by which it assumes the duties of the Remarketing Agent, to offer for sale, and use its best efforts to find purchasers for, the Bonds tendered for purchase, Pledged Bonds, Bonds theretofore purchased by the City (and not tendered to the Paying Agent in lieu of any mandatory sinking fund redemption), and Bonds which have been or are about to be converted to the Term Rate, any such sale to be made in accordance with the terms of this Ordinance; and**  
**to deliver to the Paying Agent all Bonds issued in certificated form (if any) received by it which are tendered for purchase in accordance with the terms of this Ordinance.**

In the event that the Remarketing Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed its successor as Remarketing Agent, the Paying Agent shall use its best efforts to appoint an interim successor to be such Remarketing Agent for all purposes of this Ordinance until the appointment by the City of a successor Remarketing Agent.

**Remarketing Agreement Authorized. Simultaneously with the issuance and delivery of the Bonds to the Purchaser, the City shall enter into the Remarketing Agreement with the Remarketing Agent.**

The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the City Clerk of the City are hereby authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Remarketing Agreement in such form or with such changes therein as shall be satisfactory to special counsel to the City and approved by the officers of the City executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Remarketing Agreement.

The proper officers of the City are hereby authorized to do, to take and to authorize all acts and things necessary on the part of the City to fulfill its obligations under the terms of the Remarketing Agreement, including without limiting the generality of the foregoing, payment of fees and expenses of the Remarketing Agent required to be paid by the City under the terms thereof.

Remarketing Agent Qualifications, Resignation and Removal.

The Remarketing Agent must be authorized by law to perform all the duties imposed upon it.

Except as provided in the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations described hereunder by giving at least thirty (30) days' written notice to the City, the Paying Agent, the Bank and the Rating Service, provided that such resignation shall not take effect until the appointment of a successor Remarketing Agent. As set forth in the Remarketing Agreement, the Remarketing Agent may also resign or cease remarketing upon the occurrence of certain events.

The Remarketing Agent may be removed at any time by the City by giving at least ten (10) days' written notice to the Remarketing Agent, the Bank, the Paying Agent and the Rating Service so long as a successor Remarketing Agent shall have assumed the duties thereof.

Successor Remarketing Agents may be appointed from time to time by the City with the prior written consent of the Bank. Any successor Remarketing Agreement shall be subject to the prior written approval of the Bank, which consent shall not be unreasonably withheld.

If the Remarketing Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed a successor as Remarketing Agent, the Paying Agent shall use its best efforts to appoint an interim successor to be such Remarketing Agent for all purposes of this Ordinance until the appointment by the City of a successor Remarketing Agent.

The Remarketing Agent may in good faith purchase, hold, sell, underwrite or deal in any bonds, notes or other evidences of indebtedness issued by the City, including Bonds; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City; or enter into any commercial or business arrangement with the City; all without any liability on the part of the Remarketing Agent for any real or apparent conflict of interest by reason of any such actions.

CONTINUING DISCLOSURE; MISCELLANEOUS

Continuing Disclosure. If applicable, the City shall enter into, and hereby authorizes and directs the Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, to execute a Continuing Disclosure Certificate (the "Certificate") on behalf of the City on or before the date of issuance and delivery of the Bonds to the Purchaser. Such Certificate shall be executed and delivered to satisfy the terms and conditions of the accepted Proposal for purchase of the Bonds and Securities and Exchange Commission Rule 15c2-12.

The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Certificate. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Certificate shall not be considered an event of default with respect to the Bonds; however, any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and such Certificate.

Notices.

**Any notice to or demand upon any party may be made, and shall be deemed to have been sufficiently given, if served or presented at or sent by registered or certified United States mail, fax, hand delivery or overnight courier addressed as follows (or in each case to such other addresses as may be filed in writing with the Paying Agent):**

To the Paying Agent:

U.S. Bank National Association  
Two Liberty Place  
50 South 16th Street - Suite 2000  
Philadelphia, PA 19102  
Attention: Corporate Trust Administration  
Telephone: (215) 761-9315  
Fax: (215) 761-9412

To the Remarketing Agent:

Wachovia Bank, National Association  
  
301 South College Street, 8th Floor (NC0600)  
Charlotte, NC 28288  
Attention: Remarketing Desk  
Telephone: (704) 383-6452  
Fax: (704) \_\_\_\_ - \_\_\_\_

To the City:

City of Reading  
815 Washington Street  
Reading, Pennsylvania 19601  
Attention: Managing Director  
Telephone: (610) 655-6222  
Fax: (610) 655-6371

To the Bank:

See Reimbursement Agreement for Address, Telephone number  
and  
Facsimile number for Bank

To the Rating Service:

Standard & Poor's Rating Services  
55 Water Street, 38th Floor  
New York, New York 10014  
Attention: Municipal Structured Group - Surveillance  
Telephone: (212) 438-2103  
Fax: (212) 438-2152

OR

Moody's Investors Service  
99 Church Street, 9<sup>th</sup> Floor  
New York, New York 10007  
Attention : Structured Finance Group  
Telephone: (212) 553-3747  
Fax: (212) 553-4090

**The Paying Agent shall deliver to each Rating Service, the following notice prior to the effectiveness of any actions with respect to which such notices are being delivered:**

**Notice as to the resignation or replacement of the Paying Agent or the Remarketing Agent.**

**Notice of the amendment, expiration, termination, replacement or extension of the Letter of Credit upon its receipt of notice thereof.**

**Notice of redemption or mandatory tender of any Bonds.**

**Notice of any amendment to this Ordinance or the Reimbursement Agreement of which the Paying Agent becomes aware.**

**Notice of any conversion of the interest rate on the Bonds to the Term Rate.**

*Designated, Offices. The Designated Offices of the Paying Agent, the Remarketing Agent and the Bank shall be those offices located at the addresses set forth in Section 7.02(a) hereof. Each such Person may change its Designated Office by written notice to each of the other Persons named in Section 7.02(a) hereof, provided, however, that the Paying Agent may not change its Designated Office to a place outside the Commonwealth, but may provide that the Bonds shall be payable at more than one place, so long as at least one such place shall be located within the Commonwealth, as required by 53 Pa. C.S. §8145.*

The Paying Agent shall give prompt written notice of any change of its Designated Office or of the Designated Office of the Remarketing Agent to the Holders of the Bonds.

*Mandatory Provisions of Act. This Ordinance is adopted pursuant to the Act and the laws and the Constitution of the Commonwealth of Pennsylvania, and the City hereby determines and declares that each and every matter and thing provided for herein is necessary and desirable to carry out and effect the public purposes of the City in accordance with such laws. All of the mandatory provisions of the Act shall apply hereunder whether or not explicitly stated herein and are specifically incorporated herein by reference.*

*Contractual Obligation. In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by those who shall purchase the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds; and*

the covenants and agreements herein set forth to be performed on behalf of the City shall be for the benefit, protection and security of the Holders from time to time of the Bonds. If the City shall default in the performance of any of its obligations hereunder, under the Bonds or under the Act, the holders or registered owners of the Bonds shall be entitled to all of the rights and remedies provided by the Act in the event of such default.

Severability. In the event that any one or more of the provisions contained in this Ordinance or in the Bonds issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of the Bonds, and this Ordinance or the Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

Supplemental Ordinances. The City may, from time to time and at any time, adopt a supplemental Ordinance (a) to cure any ambiguity, formal defect or omission in this Ordinance or in any supplemental Ordinance; (b) to grant to and confer upon the holders from time to time of the Bonds any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon same; (c) to evidence the appointment of a new Paying Agent or a new Remarketing Agent; (d) to provide for an Alternate Letter of Credit or any other credit enhancement permitted by the terms of this Ordinance; (e) to make any amendments required to secure a rating on the Bonds from a Rating Service equal to the rating of the Bank's unsecured indebtedness; (f) to implement a conversion to a Term Mode Rate; or (g) to permit any other amendment which is not materially adverse to the interests of the Paying Agent or the Holders.

Amendment of Letter of Credit. If the Bank proposes to amend the Letter of Credit, the Paying Agent may consent thereto, provided that (a) if such proposal would amend the Letter of Credit in such a way as would materially adversely affect the interests of the Holders, the Paying Agent shall notify the Holders and the Rating Service (if the Bonds are then rated by a Rating Service) of the proposed amendment and may consent thereto only with (i) the prior written consent of Holders of a majority in aggregate principal amount of the Bonds then outstanding and (ii) the confirmation by such Rating Service that such amendment will not result in a withdrawal or reduction of its rating of the Bonds, and (b) the Paying Agent shall not, without the unanimous consent of all Holders, consent to any amendment materially adversely affecting the interests of the Holders which would decrease or delay the amounts payable under the Letter of Credit in respect of outstanding Bonds on any Interest Payment Date or on any date of redemption, payment at maturity or purchase of the Bonds, or advance the Expiration Date of the Letter of Credit to an earlier date. No consent of the Holders shall be required for amendments to the Letter of Credit which are provided for or contemplated by this Ordinance.

Exclusive Rights. Nothing in this Ordinance, expressed or implied, is intended or



shall be construed to confer upon, or to give any person, firm or corporation other than the City, its agents, the Bank and the Holders from time to time of the Bonds any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements contained in this Ordinance are and shall be for the sole and exclusive benefit of the City, its agents, the Bank and the Holders of the Bonds.

Appointments. The City hereby appoints and engages Stevens & Lee, a professional corporation, Reading, Pennsylvania, to act as Bond Counsel and Financial Solutions, LLC, Reading, Pennsylvania, to act as Financial Advisor to the City, in connection with the Project and the issuance of the Bonds.

Effectiveness of Ordinance. The award of the Bonds at Section 2.07 hereof shall be effective immediately as required by Section 8107 of the Act and the balance of this Ordinance shall become effective in accordance with, and on the earliest date permitted by, the Act.

Repeal of Inconsistent Ordinances. All Ordinances or parts thereof inconsistent herewith are hereby repealed, rescinded, cancelled and annulled.

Governing Law. The laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Ordinance.

Time of Day. In this Ordinance and in the Bonds, all references to any time of day shall refer to Eastern Standard Time or Eastern Daylight Savings Time as in effect in the City of New York, New York, on such day, unless otherwise specified.

DULY ENACTED, THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2008, BY THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

CITY OF READING  
PENNSYLVANIA

(SEAL)

\_\_\_\_\_  
President, City Council

Attest:

\_\_\_\_\_  
City Clerk

SCHEDULE 1  
2005 NOTES TO BE REFUNDED

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EXHIBIT A

[FORM OF BOND]

No. VRD-1

\*\*\*\$\_\_\_\_\_\*\*\*

CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND BOND,  
SERIES E OF 2008

<u>SERIES</u>	<u>ISSUE DATE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
	December __, 2004	Weekly Rate	_____, 20__	

Registered Owner: Cede & Co.

Principal Amount: \$\_\_\_\_\_

City of Reading, Berks County, Pennsylvania (the "City"), a City existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, promises to pay to the order of Cede & Co., or registered assigns, on the Maturity Date stated hereon, upon surrender hereof, the principal sum of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_), unless this Federally-Taxable General Obligation Variable Rate Demand Bond, Series E of 2008 (the "Bond"), duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay interest on said principal sum, at the Interest Rate set forth above which, if not a fixed, numerical rate, shall be determined as provided in this Bond and in the Ordinance (herein defined), until the principal sum hereof is paid or provision for payment thereof has been made as provided in such Ordinance. Interest on this Bond is payable from the Interest Payment Date (herein defined) next preceding the date of registration and authentication of this Bond, unless: (a) this Bond is registered and authenticated as of a Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date; or (b) this Bond is registered and authenticated after a Regular Record Date (herein defined) and before the next succeeding Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date; or (c) this Bond is registered and authenticated on or prior to the Regular Record Date (herein defined) next preceding the first Interest Payment Date, in which event this Bond shall bear interest from the Series Issue Date set forth above; or (d) as shown by the records of the Paying Agent (hereinafter defined), interest on this Bond shall be in default, in which event this Bond shall bear interest from the date to which interest was last paid on this Bond.

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If this Bond bears interest at a Weekly Rate (as hereinafter defined), this Bond shall be purchased on demand of the person in whose name ownership of this Bond is registered on the registration books maintained by the Paying Agent (the “Holder”), upon the terms and conditions hereinafter described.

The principal of and premium, if any, on this Bond, are payable upon presentation and surrender of this Bond to U.S. Bank National Association (the “Paying Agent”), as paying agent and tender agent for the Bonds, at its corporate trust office in Philadelphia, Pennsylvania, or to any successor paying agent or tender agent duly appointed by the City, at its Designated Office, as that phrase is defined in the Ordinance.

The interest on this Bond is payable on each Interest Payment Date by: (i) check drawn on the Paying Agent and mailed to the Holder of this Bond, at the address of such Holder appearing on the registration books maintained by the Paying Agent, or (ii) wire transfer to a bank account of such Holder in the United States, if such Holder is Depository Trust Company or its nominee or a successor securities depository or if such Holder is the registered owner of Bonds (hereinafter defined) in an aggregate principal amount of \$1,000,000 or more and shall have made a written request for wire payment of interest to the Paying Agent at least fifteen (15) days prior to the Interest Payment Date. Payment of the interest hereon shall be made to the person in whose name ownership of this Bond is registered on the registration books maintained by the Paying Agent on behalf of the City at the close of business on (i) if this Bond bears interest at a Weekly Rate, the last Business Day (as herein defined) preceding a Interest Payment Date, or (ii) if this Bond bears interest at a Term Rate (hereinafter defined), the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date (each, the “Regular Record Date”). Any interest that is not timely paid or duly provided for shall cease to be payable to the person in whose name ownership of this Bond is registered as of the Regular Record Date, and shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such overdue interest (the “Special Record Date”) established by notice mailed by the Paying Agent on behalf of the City not less than fifteen (15) days preceding such Special Record Date and not less than twenty (20) days, but not more than thirty (30) days, prior to date designated for the payment of such interest.

The principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America.

This Bond is one of a series of bonds of the City, known generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008” (the “Bonds”), in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_). The Bonds have been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act (the “Act”) of the Commonwealth, and by virtue of a Ordinance duly adopted on August 11, 2008 (the “Ordinance”) by the City. The Act, as such shall have been in effect when the Bonds were authorized, and the Ordinance shall constitute a contract between the City and registered owners, from time to time, of the Bonds.

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In the Ordinance, the City has covenanted with registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, that the City: (i) shall include the amount of the debt service for the Bonds, for each fiscal year of the City in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or from any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof, and, for such budgeting, appropriation and payment, the City has pledged and does pledge, irrevocably, its full faith, credit and taxing power.

Capitalized terms used in this Bond which are not defined herein but which are defined in the Ordinance shall have the respective meanings set forth in the Ordinance.

The City has caused to be issued and delivered to the Paying Agent by Wachovia Bank, National Association, an irrevocable letter of credit pursuant to which the Paying Agent is authorized, subject to the terms and conditions thereof, to draw up to (a) an amount equal to the principal amount of the Bonds (i) to enable the Paying Agent to pay the principal amount of the Bonds when due at maturity or upon redemption and (ii) to enable the Paying Agent to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to [43] days accrued interest on the outstanding Bonds at 12% per annum while the Bonds bear interest at the Weekly Rate, (i) to enable the Paying Agent to pay interest on the Bonds when due and (ii) to enable the Paying Agent to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds. Such irrevocable letter of credit or any alternate letter of credit delivered to the Paying Agent in accordance with the terms of the Ordinance is herein called the "Letter of Credit". The Ordinance provides that, while the Bonds bear interest at a Term Rate, the Letter of Credit must be increased to provide for (i) 200 days accrued interest on the outstanding Bonds at a rate not less than the applicable Term Rate and (ii) coverage of premium in an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Bonds upon mandatory redemption if such Letter of Credit were not extended beyond the Expiration Date set forth therein. As used herein, the term "Bank" shall mean Wachovia Bank, National Association, as issuer of the Letter of Credit or the bank issuing any Alternate Letter of Credit. The Letter of Credit expires on \_\_\_\_\_, 20\_\_, unless terminated earlier pursuant to its terms or extended. Subject to the provisions of the Ordinance, the City may, but is not required to, cause the Letter of Credit to be extended or replaced with an Alternate Letter of Credit having substantially the same terms. The Bank is under no obligation to extend the Letter of Credit. Unless the Letter of Credit is extended or replaced in accordance with the terms of the Ordinance, this Bond will become subject to mandatory purchase or redemption, as described below. The Letter of Credit is being issued pursuant to a Reimbursement Agreement (as the same may be amended or replaced, the "Reimbursement Agreement") between the Bank and the

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City. The City is obligated, among other things, to reimburse the Bank for all drawings under the Letter of Credit.

## **INTEREST ON BONDS**

General. This Bond shall bear interest at a Weekly Rate or a Term Rate, as specified above and described below. The Bonds shall initially bear interest at a Weekly Rate, subject to conversion to a Term Rate, as described herein. A “Weekly Rate” is an interest rate for a Weekly Rate Period determined and adjusted weekly as described below. A “Term Rate” is an interest rate for a Term Rate Period determined as described below. The Bonds are in the “Weekly Mode” if they bear interest at a Weekly Rate and a “Term Mode” if they bear interest at a Term Rate. The Weekly Mode and each Term Mode are each a “Rate Mode”. All computations of interest at a Weekly Rate shall be based on a year of 365 or 366 days, as appropriate; and all computations of interest at a Term Rate shall be based on a 360-day year of twelve 30-day months. As used in this Bond, the term “Interest Payment Date” means (i) with respect to Weekly Rate Interest, the first Business Day of each calendar month commencing \_\_\_\_\_, 2008, and (ii) with respect to Term Rate Interest, each \_\_\_\_\_ and \_\_\_\_\_. Pledged Bonds shall bear interest at the rate set forth in the Reimbursement Agreement.

Weekly Rate. A Weekly Rate shall be determined for each Weekly Rate Period as described below. On each Weekly Rate Calculation Date, the Remarketing Agent under the Ordinance (the “Remarketing Agent”), initially Wachovia Bank, National Association, shall determine the Weekly Rate (for the Weekly Rate Period commencing on the next Thursday) as the rate which if borne by the Bonds would, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, be the lowest interest rate necessary to enable the Remarketing Agent to arrange for the sale of all of the outstanding Bonds at a price equal to the principal amount thereof plus accrued interest thereon. Anything herein to the contrary notwithstanding, in no event shall any Weekly Rate exceed 12% per annum. As used in this Bond, “Weekly Rate Calculation Date” means Wednesday in each calendar week or, if any Wednesday is not a Business Day, the first Business Day preceding such Wednesday, and “Weekly Rate Period” means the seven-day period commencing on the first Thursday following the corresponding Weekly Rate Calculation Date and running through Wednesday of the following calendar week, except that (i) the first Weekly Rate Period shall commence on the Series Issue Date and end on and include the first Wednesday occurring after the Series Issue Date, (ii) the first Weekly Rate Period following a conversion from a Term Mode to the Weekly Mode shall commence on the date of such conversion and end on and include the first Wednesday occurring after such conversion date and (iii) the last Weekly Rate Period prior to a conversion from the Weekly Mode to a Term Mode shall end on and include the last day immediately preceding the date of such conversion.

If for any reason the Remarketing Agent does not determine a Weekly Rate for any Weekly Rate Period as aforesaid, or if a court holds a rate for any Weekly Rate Period to be invalid or unenforceable, the Weekly Rate for that Weekly Rate Period shall be equal to the Weekly Rate in effect for the immediately preceding Weekly Rate Period. The Weekly Rate for

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any consecutive Weekly Rate Period for which the Remarketing Agent does not determine a Weekly Rate, or a court holds a rate to be invalid or unenforceable, shall be equal to LIBOR (as defined in the Ordinance).

No notice of Weekly Rates will be given to the Holders of the Bonds; however, the Holders may obtain Weekly Rates from the Paying Agent or the Remarketing Agent. The determination of the Weekly Rate by the Remarketing Agent shall be conclusive and binding upon the City, the Paying Agent, the Remarketing Agent, the Bank and the Holders.

Term Rate. A Term Rate shall be determined for each Term Rate Period as described below. Upon conversion to a Term Mode, a Nominal Term Rate Period shall be fixed by the City as a term of two or more consecutive Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Rate Mode. A Term Mode based on one Nominal Term Rate Period and a Term Mode based on another Nominal Term Rate Period are different Term Modes. Each Term Rate shall be determined by the Remarketing Agent, on the Term Rate Calculation Date, as the lowest rate of interest that, in the judgment of the Remarketing Agent taking into account prevailing financial market conditions, would be necessary to enable the Remarketing Agent to arrange for the sale of the Bonds in the respective Term Mode in a secondary market sale at a price equal to the principal amount thereof on the first Business Day of the respective Term Rate Period; provided that (1) if the Remarketing Agent fails for any reason to determine the Term Rate for any Term Rate Period, such Term Rate shall be equal to 80% of the average of the annual bond equivalent yield evaluations at par as of the first day of the corresponding Term Rate Period or, if such day is not a Business Day, the next preceding Business Day of United States Treasury obligations having a term to maturity similar to such Term Rate Period, and (2) no Term Rate shall exceed the lesser of (i) the maximum interest rate at which the Letter of Credit then in effect provides coverage for at least 200 days interest and (ii) 8% per annum. Determinations of Term Rates shall be conclusive and binding upon the City, the Paying Agent, the Bank and the Holders. As used in this Bond, "Nominal Term Rate Period" means, with respect to a Term Mode, a period of two or more consecutive Semiannual Periods (expressed in years and half years); "Semiannual Date" means each \_\_\_\_\_ and each \_\_\_\_\_; "Semiannual Period" means a six-month period commencing on a Semiannual Date and ending on and including the day immediately preceding the next Semiannual Date; "Term Rate Calculation Date" means a Business Day not more than 15 days and not less than one day prior to the first day of the corresponding Term Rate Period; "Term Rate Period" means a period of two or more consecutive Semiannual Periods equal to the applicable Nominal Term Rate Period commencing on the Semiannual Date immediately following the last day of the immediately preceding Term Rate Period and running through and ending on the day immediately preceding the Semiannual Date which follows such commencement date by a period equal to such Nominal Term Rate Period, except that the first Term Rate Period after conversion from a Weekly Rate to a Term Rate shall commence on the date of conversion and end on and include the day immediately preceding the Semiannual Date which follows the Semiannual Date occurring on or immediately preceding such conversion date by a period equal to such Nominal Term Rate Period.

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Conversion. The Ordinance provides that the City shall have the option to convert the Bonds from the Weekly Mode to a Term Mode, from a Term Mode to the Weekly Mode and from one Term Mode to another Term Mode on any Conversion Date the City shall select; provided that (i) each Conversion Date shall be an Interest Payment Date and (ii) Bonds in a Term Mode cannot be converted to another Rate Mode prior to the date on or after which the Bonds may first be redeemed at a redemption price of par pursuant to their terms. The City may exercise such option by giving written notice to the Paying Agent, the Remarketing Agent and the Bank, stating its election to convert the Rate Mode of the Bonds to another Rate Mode specified in such notice and stating the Conversion Date therefor, not less than 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Conversion Date. In connection with each conversion to a Term Mode, the Nominal Term Rate Period shall be selected by the City and designated in such notice. Notice of the exercise of an option to convert from one Rate Mode to another Rate Mode shall not be effective unless certain conditions set forth in the Ordinance are satisfied with respect to such conversion. In the case of a conversion from one Rate Mode to another Rate Mode, the City shall give notice by first class mail to the Holders of the Bonds not less than 30 days prior to the proposed Conversion Date stating (i) that, in the case of a conversion to a Term Mode, the interest rate on the Bonds is scheduled to be converted to a Term Rate and the Nominal Term Rate Period on which such Term Rate will be based, or in the case of a conversion to the Weekly Mode, the interest rate on the Bonds is scheduled to be converted to a Weekly Rate, (ii) the proposed Conversion Date, (iii) that the City may determine not to convert the Bonds in which case the Paying Agent shall notify the Holders in writing to such effect, and (iv) that all outstanding Bonds will be subject to a mandatory purchase on the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date, at a price of par plus accrued interest. Upon each conversion the Bonds shall be subject to mandatory purchase on the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date. As used in this Bond, "Conversion Date" means any Interest Payment Date on which the Rate Mode of the Bonds is converted to another Rate Mode.

**OPTIONAL AND MANDATORY TENDER**

Optional Tender for Purchase in Weekly Mode. While the Bonds bear interest at a Weekly Rate, any Bond shall be purchased on the demand of the Holder thereof on any Business Day designated by such Holder in a Bondholder Tender Notice (hereinafter defined) at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase, if there is delivered to the Paying Agent at its Designated Office, and to the Remarketing Agent at its Principal Office, a written notice (the "Bondholder Tender Notice") which (i) states the principal amount (or portion thereof) of such Bond and (ii) states the date on which such Bond (or portion thereof) shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent and the Remarketing Agent; provided that, in the case of a Bond to be purchased in part, both the portion to be purchased and the portion which is not to be purchased must be in an



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authorized denomination. By delivering the Bondholder Tender Notice, the Holder irrevocably agrees to deliver such Bond, if held in certificated form, duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent, to the Delivery Office of the Paying Agent or any other address designated by the Paying Agent at or prior to 10:00 a.m. eastern time on the Business Day specified in the Bondholder Tender Notice. The determination by the Paying Agent of a Holder's compliance with such Bondholder Tender Notice and Bonds delivery requirements is in the sole discretion of the Paying Agent and binding on the City, the Remarketing Agent, the Bank and the Holder. Any Bondholder Tender Notice which the Paying Agent determines is not in compliance with the provisions of this paragraph shall be of no force or effect.

Any election by a Holder to tender a Bond (or portion thereof) for purchase on a Business Day shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder. Each Bondholder Tender Notice shall automatically constitute (i) an irrevocable offer to sell the Bond (or portion thereof) to which such notice relates on the Purchase Date at a price equal to the purchase price of such Bond (or portion thereof) described above, (ii) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Bond (or portion thereof) upon payment of the purchase price to the Paying Agent on the Purchase Date, (iii) with respect to a tender of a portion of a Bond, an irrevocable authorization and instruction to the Paying Agent to effect the exchange of such Bond in part for other Bonds in a principal amount equal to the retained portion so as to facilitate the sale of the tendered portion of such Bond, and (iv) an acknowledgment that such Holder will have no further rights with respect to such Bond (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the Purchase Date, except for the right of such Holder to receive such purchase price upon surrender of such Bond, if held in certificated form, to the Paying Agent endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent and that after the Purchase Date such Holder will hold such Bond as agent for the Paying Agent. If the Bonds are not held in book-entry form and, after delivery to the Paying Agent and the Remarketing Agent of such Bondholder Tender Notice, the Holder making such election shall fail to deliver such Bond or Bonds described in the Bondholder Tender Notice to the Paying Agent at its Delivery Office on or before 10:00 a.m. eastern time on the applicable Purchase Date as described herein, then the undelivered Bond or portion thereof (the "Undelivered Bond") described in such Bondholder Tender Notice shall be deemed to have been tendered for purchase to the Paying Agent and, to the extent that there shall be held by the Paying Agent on or before the applicable Purchase Date an amount sufficient to pay the purchase price thereof and available for such purpose pursuant to the Ordinance, such Undelivered Bond (or portion thereof) shall on such Purchase Date cease to bear interest and no longer shall be considered to be outstanding under the Ordinance. Moneys held by the Paying Agent for the purchase of the Undelivered Bonds in accordance with the foregoing shall be held in a special separate trust account for the Holders of such Undelivered Bonds. Such moneys shall be held by the Paying Agent uninvested and without liability for interest pending delivery of such Undelivered Bonds to the Paying Agent.

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**Mandatory Tender.** This Bond is subject to mandatory tender for purchase, at a price equal to the principal amount hereof plus accrued interest, (a) on each Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date, in the event of a conversion of the Bonds from one Rate Mode to another Rate Mode, and the first Business Day immediately following the end of each Term Rate Period; (b) while the Bonds are in the Weekly Mode, on the Interest Payment Date next preceding by at least two Business Days the Expiration Date of the Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; (c) on the Interest Payment Date on which an Alternate Letter of Credit is issued pursuant to the Ordinance; and (d) while the Bonds are in the Weekly Mode, on the Purchase Date stipulated by the Bank pursuant to the Ordinance in the event the Bank directs the Paying Agent pursuant to the Ordinance to call the Bonds for mandatory purchase. Any Bond which is not delivered for purchase prior to 10:00 a.m. eastern time on the applicable Purchase Date shall be deemed to have been tendered to the Paying Agent as of such Purchase Date and interest on such Undelivered Bond shall cease to accrue on such Purchase Date. Thereafter, the Holder of such Undelivered Bond shall not be entitled to any payment other than the purchase price for such Undelivered Bond upon surrender thereof to the Paying Agent endorsed for transfer in blank and with guaranty of signature satisfactory to the Paying Agent. Except for payment of such purchase price from moneys held by the Paying Agent for such purpose, such Undelivered Bond shall no longer be outstanding and entitled to the benefits of the Ordinance.

BY ACCEPTANCE OF THIS BOND, THE HOLDER HEREOF AGREES THAT THIS BOND WILL BE PURCHASED, WHETHER OR NOT SURRENDERED, ON ANY DATE SPECIFIED BY THE HOLDER HEREOF IN THE EXERCISE OF THE OPTIONAL TENDER FOR PURCHASE DESCRIBED ABOVE AND ON THE PURCHASE DATE IN CONNECTION WITH ANY MANDATORY TENDER FOR PURCHASE. IN SUCH EVENT, THE HOLDER OF THIS BOND SHALL NOT BE ENTITLED TO RECEIVE FURTHER INTEREST HEREON, SHALL HAVE NO FURTHER RIGHTS UNDER THIS BOND OR THE ORDINANCE EXCEPT FOR PAYMENT OF THE PURCHASE PRICE HELD THEREFOR, AND, IF THIS BOND IS NOT SURRENDERED ON SUCH DATE, SHALL THEREAFTER HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

**OPTIONAL REDEMPTIONS**

**Weekly Rate Bonds.** While the Bonds bear interest at a Weekly Rate, the Bonds are subject to redemption prior to maturity at the option of the City in whole at any time or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

**Term Rate Bonds.** While the Bonds bear interest at a Term Rate, the Bonds shall be subject to optional redemption by the City in whole at any time or in part on any Interest Payment Date; provided that the Bonds shall not be redeemable during the No Call Period set forth in or stipulated pursuant to the Ordinance. After such No Call Period, the Bonds shall be

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redeemable at the redemption price set forth in or stipulated pursuant to the Ordinance, plus accrued interest to the redemption date.

**MANDATORY REDEMPTIONS**

Mandatory Redemption Upon Expiration of Letter of Credit During Term Mode.

While the Bonds are in a Term Mode, the Bonds are subject to mandatory redemption by the City on the Interest Payment Date next preceding the Expiration Date of the Letter of Credit, unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; provided that, if such Interest Payment Date is a Term Rate Period End Interest Payment Date, then such Bonds shall not be so redeemed but shall be subject to mandatory purchase as provided in the Ordinance. As used in this Bond, "Term Rate Period End Interest Payment Date" means the Interest Payment Date immediately following the last day of a Term Rate Period. The redemption price of Bonds so redeemed shall be equal to the redemption price that would be applicable to such Bonds if they were redeemed by optional redemption; provided that if such redemption will occur during the applicable No Call Period set forth in or stipulated pursuant to the Ordinance, then the redemption price shall be equal to the optional redemption price that would be applicable to such Bonds on the first day after the expiration of the applicable No Call Period plus a supplemental premium in the amount set forth in or stipulated pursuant to the Ordinance.

**MANDATORY SINKING FUND REDEMPTION**

The Bonds are subject to mandatory redemption prior to maturity, on \_\_\_\_\_ of the years and in the principal amounts set forth in the following schedule, as drawn by lot in a fair and equitable manner by the Paying Agent on behalf of the City:

<u>Years</u>	<u>Amount</u>
--------------	---------------

\*Maturity

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GENERAL PROVISIONS

This Bond shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent. The holder of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Ordinance.

If less than all Bonds are to be redeemed at one time, the selection of the Bonds to be redeemed shall be made by lot or by such other method as the Paying Agent deems fair and appropriate; provided that any Bonds pledged to the Bank shall be redeemed first.

If Bonds or portions thereof are called for redemption and if on the redemption date moneys for the redemption thereof are held by the Paying Agent, thereafter those Bonds or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Ordinance.

Any notice of redemption shall be given not more than 60 days and at least 15 days (30 days if the Bonds are in a Term Mode) prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, to the Holder of each Bond to be redeemed in whole or in part at the address shown on the Register. Notice of optional redemption may be conditioned upon the deposit of moneys in the Sinking Fund established under the Ordinance, in an amount sufficient for such redemption not later than the close of business on the Business Day prior to the date fixed for redemption and such notice shall be of no effect and the redemption shall be deemed cancelled unless such moneys are so deposited.

If at any time the Paying Agent holds moneys or securities as described in the Ordinance sufficient to pay at redemption or maturity the principal or redemption price of and premium, if any, and interest on all Bonds outstanding under the Ordinance and any purchase price payable pursuant to the Ordinance in respect thereof, and if all other sums then payable by the City under the Ordinance have been paid, then subject to the provisions of the Ordinance the lien of the Ordinance and other security held by the Paying Agent for the benefit of the Holders will be discharged. After such discharge, Holders must look only to the deposited moneys and securities for payment.

The Ordinance permits certain amendments or supplements to the Ordinance not materially prejudicial to the Holders to be made without the consent of or notice to the Holders.

The Holder of each Bond has only those remedies provided in the Ordinance and the Act.

The Bonds are issuable only as fully registered bonds in the denominations of \$100,000 and any whole multiple of \$5,000 in excess thereof and are exchangeable for Bonds of other authorized denominations in equal aggregate principal amounts at the Transfer Office of

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the Paying Agent, but only in the manner and subject to the limitations provided in the Ordinance. This Bond is transferable at the Transfer Office of the Paying Agent, by the Holder in person or by his attorney, duly authorized in writing, upon presentation and surrender hereof to the Paying Agent. While the Bonds bear interest at a Term Rate, the Paying Agent is not required to transfer or exchange (i) any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (ii) any Bonds selected for redemption in whole or in part.

This Bond may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations, of the same series, maturity and interest rate, upon surrender of this Bond to the Paying Agent, with written instructions for exchange satisfactory to the Paying Agent.

The City and the Paying Agent may deem and treat the registered owner of this Bond as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary. This Bond may be transferred by the registered owner hereof upon surrender of this Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of the same series, maturity and interest rate in an authorized denomination and in the aggregate principal amount which the registered owner is entitled to receive.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is required by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It hereby is certified that all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law.

(signature page to follow)

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IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the manual or facsimile signature of its Commissioners and its official seal or a facsimile of its official seal to be affixed hereto, duly attested by the manual or facsimile signature of the City Clerk of the City.

**CITY OF READING, BERKS COUNTY,  
PENNSYLVANIA**

(SEAL)

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

CERTIFICATE OF AUTHENTICATION,  
CERTIFICATE AS TO OPINION

It is certified that:

(i) This Bond is one of the Bonds described in the within-mentioned Ordinance; and

(ii) The Opinion of Stevens & Lee, Reading, Pennsylvania, dated and delivered on the date of the original delivery of, and payment for, such Bonds, is on file at our principal corporate trust office, where the same may be inspected.

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Representative

Date of Registration and Authentication:

\_\_\_\_\_

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ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned, hereby  
sells, assigns and transfers unto

\_\_\_\_\_  
Name (the "Transferee")

\_\_\_\_\_  
Address

Social Security or Federal Employer Identification No. \_\_\_\_\_ the within  
Bond and all rights thereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ as agent to transfer the within Bond on the books kept for registration  
thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE:  
Signatures(s) must be guaranteed by  
an institution that is a participant in a  
signature guarantee program  
recognized by the Securities Transfer  
Association.

\_\_\_\_\_  
NOTICE: No transfer will be made in the  
name of the Transferee unless the  
signature(s) to this assignment  
correspond(s) with the name(s) appearing  
upon the face of the within Bond in every  
particular, without alteration or  
enlargement or any change whatever and  
the Social Security or Federal Employer  
Identification Number of the Transferee is  
supplied. If the Transferee is a trust, the  
names and Social Security or Federal  
Employer Identification Numbers of the  
settlor and beneficiaries of the trust, the  
Federal Employer Identification Number  
and date of the trust and the name of the  
trustee must be supplied.

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CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

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ORDINANCE  
Enacted August 11, 2008

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\$ \_\_\_\_\_  
FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND NOTES  
SERIES C OF 2008

AND

FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND NOTES  
SERIES D OF 2008

\*\*\*\*\*

STEVENS & LEE, BOND COUNSEL  
111 NORTH SIXTH STREET  
READING, PENNSYLVANIA 19601  
(610) 478-2000  
(610) 376-5610 (FAX)

CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

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ORDINANCE  
Enacted August 11, 2008

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AN ORDINANCE OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE TWO SERIES OF GENERAL OBLIGATION NOTES DESIGNATED AS SERIES C OF 2008 AND SERIES D OF 2008 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED THOUSAND DOLLARS (\$ \_\_\_\_\_) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, PA.C.S. 53, CHAPTERS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH NOTES SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS TO BE INCURRED TO PROVIDE FUNDS FOR A CERTAIN PROJECT OF THE CITY WHICH INCLUDES, AMONG OTHER THINGS: (1) THE ADVANCE REFUNDING OF THE CITY'S GENERAL OBLIGATION BONDS, SERIES OF 2002; (2) THE ADVANCE REFUNDING OF A PORTION OF THE CITY'S GENERAL OBLIGATION BONDS, SERIES OF 2006; AND (3) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUANCE OF THE NOTES; SETTING FORTH THE REASONABLE ESTIMATED REMAINING USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE NOTES; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH NOTES AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTES, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE), TENDER PROVISIONS AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTES; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTES EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTES; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTES TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH NOTES, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH NOTES WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH NOTES; AUTHORIZING THE EXECUTION OF ONE OR MORE ESCROW AGREEMENTS BY SPECIFIED OFFICERS OF THE CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER

SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTES, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTES, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE NOTES UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING THE EXECUTION OF A REIMBURSEMENT AGREEMENT RELATING TO THE LETTERS OF CREDIT ISSUED IN SUPPORT OF THE NOTES AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE LETTER OF CREDIT PROVIDER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

#### **RECITALS**

**WHEREAS**, the City of Reading, Berks County, Pennsylvania (the “City”), is a city of the third class of the Commonwealth of Pennsylvania (the “Commonwealth”); and

**WHEREAS**, the City, in contemplation of the issuance and sale of its Federally-Taxable General Obligation Variable Rate Demand Notes, Series C of 2008 in an aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_) and its Federally-Taxable General Obligation Variable Rate Demand Notes, Series D of 2008 in an aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_) to provide funds for and towards a certain project of the City, has determined that the Notes (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the “Act”) and has determined that a private sale by negotiation is in the best financial interests of the City; and

**WHEREAS**, the Council of the City (the “Council”) has determined that such Notes will be issued as two series of notes and designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series C of 2008” (the “Series C Notes”) and “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series D of 2008” (the “Series D Notes” and together with the Series C Notes, the “Notes”); and

**WHEREAS**, the Series C Notes shall be issued in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_); and

**WHEREAS**, the Series D Notes shall be issued in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_); and

**WHEREAS**, the City has heretofore issued its General Obligation Bonds, Series of 2002 in the aggregate principal amount of \$32,525,000, of which \$ \_\_\_\_\_ remains outstanding (the “2002 Bonds”); and

**WHEREAS**, the City has determined to refund the 2002 Bonds for the purpose of substituting notes for bonds; and

**WHEREAS**, a portion of the proceeds of the Notes may be deposited in escrow pursuant to the terms of an escrow agreement (the “Escrow Agreement”), to be executed by and between the City and an escrow agent named therein (the “Escrow Agent”), such that the proceeds of the Notes, together with interest to be earned thereon (if any), will be held by the Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the 2002 Bonds, all as shall be set forth more fully in the Escrow Agreement; and

**WHEREAS**, the Notes which are being issued to refund the 2002 Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2002 Bonds; and

**WHEREAS**, the City has heretofore issued its Federally-Taxable General Obligation Bonds, Series of 2006 in the aggregate principal amount of \$55,000,000, of which \$ \_\_\_\_\_ remains outstanding (the “2006 Bonds”); and

**WHEREAS**, the City has determined to refund a portion of the 2006 Bonds as more completely described on Schedule 1 attached hereto (the “Refunded 2006 Bonds”) for the purpose of substituting notes for bonds; and

**WHEREAS**, a portion of the proceeds of the Notes may be deposited in escrow pursuant to the terms of an escrow agreement (the “Escrow Agreement”), to be executed by and between the City and an escrow agent named therein (the “Escrow Agent”), such that the proceeds of the Notes, together with interest to be earned thereon (if any), will be held by the Escrow Agent in a separate escrow account and irrevocably pledged for the redemption of the Refunded 2006 Bonds, all as shall be set forth more fully in the Escrow Agreement; and

**WHEREAS**, the Notes which are being issued to refund the Refunded 2006 Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2006 Bonds; and

**WHEREAS**, the Council has determined to accept the proposal (the “Purchase Proposal”) of Wachovia Bank, National Association, Philadelphia, Pennsylvania (the “Purchaser”), for the purchase of the Notes, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the “Department”) relating to the incurring of the indebtedness to be evidenced by the Notes; and

**WHEREAS**, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$ \_\_\_\_\_) to fund a certain project (hereinafter described) of the City pursuant to the provisions of the Act.

**NOW, THEREFORE, BE IT RESOLVED**, by the Council of the City of Reading, Berks County, Pennsylvania, in lawful session duly assembled, as follows:

**DEFINITIONS**

**Definitions.** ***In addition to the terms defined in the foregoing recitals, the following terms and phrases shall be defined as follows for the purposes of this Ordinance:***

“Alternate Letter of Credit” means an irrevocable letter of credit authorizing drawings thereunder by the Paying Agent, issued by a national banking association, a bank, a trust company or other financial institution as the Bank, and satisfying the requirements of Section 5.10.

“Authorized Officer of the City” shall mean any officer of the City and, with respect to any particular act or document, (i) any person authorized by a Certified City Resolution, a copy of which has been delivered to the Paying Agent, or (ii) any person designated to act on behalf of the City by the Mayor of the City, as evidenced by a written certificate furnished to the Paying Agent containing the specimen signature of such person and signed on behalf of Council by the City Clerk of the City, under its official seal. Such Resolution or certificate may designate more than one person, each of whom shall be entitled to perform all duties of the Authorized Officer of the City.

“Available Moneys” means (i) proceeds of a drawing under a Letter of Credit and (ii) any moneys paid to the Paying Agent and with respect to which the Paying Agent has received an opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Paying Agent and the Rating Service to the effect that the use of such moneys to pay principal of, premium (if any) on or interest on the Notes, as applicable, will not constitute an avoidable transfer under Section 547 of the United States Bankruptcy Code in the event of a bankruptcy case under the United States Bankruptcy Code by the City, as debtor; provided that when used with respect to payment of amounts due in respect of any Pledged Notes or any payments due at any time when a Letter of Credit is not held by the Paying Agent, “Available Moneys” means any moneys held by the Paying Agent and available for such payment pursuant to the terms of this Ordinance except for moneys drawn under a Letter of Credit.

“Bank” means, initially, Wachovia Bank, National Association, a national banking association, as issuer of the Letters of Credit, and its successors and assigns in that capacity and, in the event an Alternate Letter of Credit is outstanding, the issuer of the Alternate Letter of Credit.

“Bond Counsel” shall mean an attorney-at-law or a firm of attorneys of nationally or regionally recognized standing in matters pertaining to bonds and notes (including the tax status of interest thereon) issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Business Day” means any day other than a Saturday or Sunday or a day on which banks located in Philadelphia, Pennsylvania, New York, New York, Charlotte, North Carolina or any other city in which the Designated Office or Payment Office of the Paying Agent or the office of the Bank at which drawing documents are required to be presented under the Letters of Credit is located are required or authorized to close or on which The New York Stock Exchange is closed.



“Certified City Resolution” shall mean a copy of a Resolution, Resolutions, Ordinance or Ordinances certified by the City Clerk of the City, under its official seal, to have been duly adopted by the Council and to be in full force and effect on the date of such certification.

“City Purchase Account” means the special trust account so designated and established by the Paying Agent pursuant to Section 5.07.

“Conversion Date” means any Interest Payment Date on which the Rate Mode of the Notes is converted to another Rate Mode pursuant to Section 3.10.

“Delivery Office” of the Paying Agent means, with respect to Notes held in certificated form, the office where such Notes tendered for purchase may be delivered to the Paying Agent, which office may be the office of an agent of the Paying Agent for such purpose and shall be designated in Section 7.02 or another office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Designated Office” shall mean, with respect to the Paying Agent, the Note Registrar, the Bank and the Remarketing Agent, the office of such entity located at the address specified in Section 7.02 hereof, or such other office of such entity (or its successor) as such entity (or its successor) shall from time to time designate by written notice, as required by Section 7.02 hereof, as its office to which notices, notes, other instruments or money required by this Ordinance to be delivered to it shall be delivered or at which actions required by this Ordinance to be taken at its Designated Office are to be taken.

“DTC” means The Depository Trust Company, New York, New York and its successors and assigns.

“Expiration Date” means the stated expiration date of the applicable Letter of Credit, as such date may be extended from time to time by the Bank.

“General Account” means the account so designated which is established pursuant to Section 4.03.

“Interest Payment Date” means (i) with respect to Weekly Rate interest, the first Business Day of each calendar month commencing \_\_\_\_\_, 2008 and (ii) with respect to Term Rate interest, each Semiannual Date.

“Letter of Credit” means, as applicable, the Series A Letter of Credit or the Series B Letter of Credit.

“Letters of Credit” means, collectively, the Series A Letter of Credit and the Series B Letter of Credit.

“Letter of Credit Debt Service Account” means the account so designated and established pursuant to Section 4.03 in the Sinking Fund.

“Letter of Credit Purchase Account” means the special trust account so designated and established pursuant to Section 5.07.

“LIBOR” shall mean (i) a rate per annum (rounded upward, if necessary, to the nearest 1/32 of one percent) equal to the composite London Interbank Offered Rate which appears on the Reuters Screen LIBOR01 Page (or any successor page) as of 11:00 a.m. London time on the day

that is two (2) London Banking Days preceding the first day of such LIBOR Period (or if not reported thereon, then as designated in writing by the County to the Paying Agent and Remarketing Agent from another recognized source or interbank quotation).

“Maximum Rate” means (i) with respect to Weekly Rate interest, 12% per annum, (ii) with respect to Term Rate interest, 8% per annum, and (iii) with respect to Pledged Notes, 25% per annum.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“No Call Period” means the period of time referred to in the column under that heading in the table in Section 5.01(d).

“Nominal Term Rate Period” means, with respect to a Term Note, a period of two or more consecutive Semiannual Periods (expressed in years and half years) determined pursuant to Sections 3.03 and 3.10.

“Note Register” or “Register” shall mean the books and records (whether in written or electronic form) maintained by the Note Registrar for the purpose of recording ownership, transfer or exchange of the Notes.

“Note Registrar” shall mean, initially, the Paying Agent, acting in the capacity of registrar for the Notes and if, at any time, the City shall appoint another entity with the qualifications set forth herein to serve as successor note registrar for the Notes, “Note Registrar” shall mean the Person so acting in the capacity of registrar for the Notes.

“Note Service” means, for any period or payable at any time, the principal of, premium, if any, on and interest on the Notes for that period or payable at that time whether due on an Interest Payment Date, at maturity or upon acceleration or redemption.

“Noteholder Tender Notice” means a written notice meeting the requirements of Section 5.03.

“Noteowner” or “Noteholder” or “Holder” or “Owner” shall mean the registered owner of any Note.

“Ordinance” shall mean this Ordinance as amended or supplemented from time to time by all Ordinances supplemental hereto.

“Paying Agent” shall mean U.S. Bank National Association, or such other paying agent, which shall be a bank or bank and trust company authorized to do business in the Commonwealth, as may be selected by the Mayor of the City, and any successor thereto, acting in the capacity of paying agent and sinking fund depositary with respect to the Notes or, if the City at any time shall have appointed another bank, bank and trust company or national bank to serve as successor paying agent and sinking fund depositary with respect to the Notes, the successor so appointed and any successor thereto.

“Payment Agreement” shall mean the Agreement dated on or before the Series Issue Date between the City and the Paying Agent, relating to the Notes.

“Payment Office” of the Paying Agent means the office from which payments of principal, premium (if any), interest and tender purchase price are made and where Notes may be

surrendered for payment of upon redemption or at maturity, which office may be the office of an agent of the Paying Agent for such purpose and shall be the office so designated in Section 7.02 or another office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Person” shall mean natural persons, firms, partnerships, associations, corporations and public bodies.

“Pledged Notes” shall have the meaning assigned to such term in Section 5.08.

“Project” shall have the meaning assigned to such term in Section 2.03.

“Purchase Date” means (a) with respect to any optional tender for purchase pursuant to Section 5.03 of Notes in the Weekly Mode, any Business Day designated as the date of such purchase pursuant to such Section and (b) with respect to any mandatory purchase pursuant to Section 5.04(1) in the case of Notes of a series which are to be purchased upon conversion from one Rate Mode to another Rate Mode, the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day succeeding such Conversion Date, (2) in the case of Notes of a series which are to be purchased upon expiration of a Term Rate Period, the first Business Day following the end of such Term Rate Period, and (3) in the case of Notes of a series to be purchased in anticipation of the expiration of a Letter of Credit or the issuance of an Alternate Letter of Credit, the Interest Payment Date next preceding the Expiration Date of a Letter of Credit or the Interest Payment Date on which an Alternate Letter of Credit becomes effective, as applicable.

“Purchase Price” shall mean an amount equal to 100% of the principal amount of any Note tendered or deemed tendered pursuant to the provisions of this Ordinance, plus accrued and unpaid interest thereon to the Purchase Date.

“Rate Mode” means the Weekly Mode or a Term Mode.

“Rating Service” means Moody’s Investors Service, Inc., if the Notes are rated by such at the time, and Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., if the Notes are rated by such at the time, and their successors and assigns, or if either shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated in writing by the City and satisfactory to the Paying Agent.

“Redemption Price” shall mean the amount which is payable with respect to a Note (or portion thereof) upon redemption thereof prior to maturity in accordance with the terms thereof and of the Notes.

“Regular Record Date” means, while the Notes are in the Weekly Mode, the close of business on the last Business Day preceding an Interest Payment Date and, while the Notes are in the Term Mode, the close of business on the fifteenth day of the calendar month next preceding an Interest Payment Date.

“Reimbursement Agreement” means the Reimbursement, Credit and Security Agreement to be dated as of the Series Issue Date between the City and the Bank relating to the Letters of Credit and the Notes, as amended, supplemented or replaced from time to time.

“Remarketing Agent” means, initially, Wachovia Bank, National Association and any Person meeting the qualifications of, and designated from time to time to act as Remarketing Agent under, Section 6.03. “Principal Office” of the Remarketing Agent means the office of the Remarketing Agent at the address of the Remarketing Agent set forth in Section 7.02, or any other office so designated in writing by the Remarketing Agent to the City, the Paying Agent and the Bank.

“Remarketing Agreement” means the Remarketing Agreement between the City and the Remarketing Agent relating to the Notes, as amended, supplemented or replaced from time to time.

“Remarketing Proceeds Purchase Account” means the special trust account so designated and established pursuant to Section 5.06.

“Representation Letter” shall mean the blanket representation letter from the City to DTC.

“Semiannual Date” means each \_\_\_\_\_ and each \_\_\_\_\_.

“Semiannual Period” means a six month period commencing on a Semiannual Date and ending on and including the day immediately preceding the next Semiannual Date.

“Series A Letter of Credit” means the irrevocable letter of credit issued by the Bank to the Paying Agent on the Series Issue Date and any Alternate Letter of Credit, under which the Paying Agent is authorized, subject to the terms and conditions thereof, to draw up to (a) an amount equal to the principal amount of the outstanding Series A Notes (i) to enable the Paying Agent to pay the principal amount of the Series A Notes when due at maturity or upon redemption and (ii) to enable the Paying Agent to pay the portion of the purchase price of Series A Notes tendered to it and not remarketed corresponding to the principal amount of such Series A Notes, plus (b) while the Series A Notes bear interest at a Weekly Rate, an amount equal to interest to accrue at the Maximum Rate on the outstanding Series A Notes for [43] days and, while the Series A Notes bear interest at a Term Rate, an amount equal to interest to accrue at a rate not less than the Term Rate then in effect on the outstanding Series A Notes for 200 days (i) to enable the Paying Agent to pay interest on the Series A Notes when due and (ii) to enable the Paying Agent to pay the portion of the purchase price of Series A Notes tendered to it and not remarketed corresponding to the accrued interest on such Series A Notes, as the same may be amended, transferred, reissued or extended in accordance with this Ordinance, plus (c) while the Series A Notes bear interest at a Term Rate, an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Series A Notes upon mandatory redemption if such irrevocable letter of credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein.

“Series B Letter of Credit” means the irrevocable letter of credit issued by the Bank to the Paying Agent on the Series Issue Date and any Alternate Letter of Credit, under which the Paying Agent is authorized, subject to the terms and conditions thereof, to draw up to (a) an amount equal to the principal amount of the outstanding Series B Notes (i) to enable the Paying Agent to pay the principal amount of the Series B Notes when due at maturity or upon redemption and (ii) to enable the Paying Agent to pay the portion of the purchase price of Series B Notes tendered to it and not remarketed corresponding to the principal amount of such Series B Notes, plus (b) while the Series B Notes bear interest at a Weekly Rate, an amount equal to interest to accrue at the Maximum Rate on the outstanding Series B Notes for [43] days

and, while the Series B Notes bear interest at a Term Rate, an amount equal to interest to accrue at a rate not less than the Term Rate then in effect on the outstanding Series B Notes for 200 days (i) to enable the Paying Agent to pay interest on the Series B Notes when due and (ii) to enable the Paying Agent to pay the portion of the purchase price of Series B Notes tendered to it and not remarketed corresponding to the accrued interest on such Series B Notes, as the same may be amended, transferred, reissued or extended in accordance with this Ordinance, plus (c) while the Series B Notes bear interest at a Term Rate, an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Series B Notes upon mandatory redemption if such irrevocable letter of credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein.

“Series Issue Date” means the date of original issuance and first authentication and delivery of the Notes to the initial purchaser thereof against payment therefor.

“Sinking Fund” means the fund so designated and established pursuant to Section 4.01.

“Special Record Date” means, with respect to any Note, the date established by the Paying Agent in connection with the payment of overdue interest on that Note in accordance with the terms hereof and of the Notes.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Supplemental Ordinance” shall mean any Ordinance supplemental to this Ordinance.

“Term Mode” means, with respect to the Notes, the mode of accruing interest thereon at Term Rates based on a constant Nominal Term Rate Period.

“Term Rate” means the rate of interest borne by the Notes for a Term Rate Period determined pursuant to Section 3.03.

“Term Rate Calculation Date” means a Business Day not more than 15 days and not less than one day prior to the first day of the corresponding Term Rate Period.

“Term Rate Period” means a period of two or more consecutive Semiannual Periods equal to the applicable Nominal Term Rate Period determined pursuant to Section 3.10 commencing on the Semiannual Date immediately following the last day of the immediately preceding Term Rate Period and running through and ending on the day immediately preceding the Semiannual Date which follows such commencement date by a period equal to such Nominal Term Rate Period; except that the first Term Rate Period after conversion from a Weekly Rate to a Term Rate shall commence on the Conversion Date of such conversion and end on and include the day immediately preceding the Semiannual Date which follows the Semiannual Date occurring on or immediately preceding such Conversion Date by a period equal to such Nominal Term Rate Period.

“Term Rate Period End Interest Payment Date” means the Semiannual Date immediately following the last day of a Term Rate Period.

“Transfer Office” of the Paying Agent means the office where Notes may be delivered to the Paying Agent for transfer or exchange, which office may be the office of an agent of the Paying Agent for such purpose and shall be the office so designated in Section 7.02 or another

office of the Paying Agent or its agent so designated in a separate writing by the Paying Agent to the City, the Remarketing Agent and the Bank.

“Undelivered Notes” means any Notes subject to purchase pursuant to Section 5.03 or 5.04 which the Holder thereof has failed to deliver as described in such Sections.

“Weekly Mode” means, with respect to the Notes, the mode of bearing interest thereon at a Weekly Rate.

“Weekly Rate” means a floating weekly interest rate on the Notes established and adjusted in accordance with Section 3.02.

“Weekly Rate Calculation Date” means Wednesday in each calendar week or, if any Wednesday is not a Business Day, the first Business Day preceding such Wednesday.

“Weekly Rate Period” means the seven-day period commencing on the first Thursday following the corresponding Weekly Rate Calculation Date and running through Wednesday of the following calendar week; except that (i) the first Weekly Rate Period shall commence on the Series Issue Date and end on and include the first Wednesday occurring after the Series Issue Date, (ii) the first Weekly Rate Period following a conversion from a Term Mode to the Weekly Mode shall commence on the Conversion Date for such conversion and end on and include the first Wednesday occurring after such date, and (iii) the last Weekly Rate Period prior to a conversion from the Weekly Mode to the Term Mode shall end on and include the last day immediately preceding the Conversion Date for such conversion.

**ISSUANCE, SALE AND DELIVERY OF NOTES;  
PLEDGE OF TAXING POWER**

**Notes Authorized; Nonelectoral Debt. An increase in the authorized nonelectoral debt of the City is hereby authorized and directed in the aggregate principal amount of \$ \_\_\_\_\_, which increase together with all other indebtedness of the City will not result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or of the Act, through the issuance of (a) general obligation notes of the City in the aggregate principal amount of \$ \_\_\_\_\_, designated "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series C of 2008" and (b) general obligation notes of the City in the aggregate principal amount of \$ \_\_\_\_\_, designated "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series D of 2008" and issued for the purpose of providing funds for the Project and to pay the costs of issuance of the Notes as set forth in greater detail in the recital hereto and incorporated herein by reference and hereby approved as if recited herein at length. The Council determines that the debt to be incurred pursuant to this Ordinance, and which shall be evidenced by the Notes, shall be nonelectoral debt of the City. The Notes, when issued, will be a general obligation of the City.**

**Private Sale by Negotiation. The private sale by negotiation of the Notes to finance the Project and the costs and expenses of the financing is hereby determined to be in the best financial interest of the City.**

**Project Description; Cost Estimates and Useful Life. A brief description of the projects (the "Project") to be financed with, among other things, the proceeds of the Notes is as follows: (1) the advance refunding the 2002 Bonds and the Refunded 2006 Bonds; and (2) the payment of the costs and expenses of issuing the Notes.**

The City hereby certifies that the remaining realistic estimated useful lives of the capital projects originally financed with the 2002 Bonds and refinanced with the Notes range from at least 15 to at least 25 years. It is hereby certified that an aggregate principal amount of the Notes at least equal to the realistic estimated cost of the Project shall mature prior to the end of the useful life of the Project. Proceeds of the 2006 Bonds were originally used to finance a portion of the costs of funding the City's unfunded actuarial accrued pension liability. Stated installments or maturities of principal of the Notes will not be deferred beyond the later of one year after the estimated date for the completion of construction of the Project, if any, or 2 years from the date of issuance of the Notes.

The City hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

**Refunding of the 2002 Bonds and the Refunded 2006 Bonds; Escrow Agreement. In connection with the issuance and sale of the Notes, the Council of the City, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2002 Bonds and the Refunded 2006 Bonds is**

**to is to substitute notes for bonds; and (b) that the refunding of the 2002 Bonds and the Refunded 2006 Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council of the City further finds and determines that (a) the final maturity date of the Notes issued to effect the refunding of the 2002 Bonds does not extend to a date that could not have been included in the 2002 Bond issue, and (b) the final maturity date of the Notes issued to effect the refunding of the Refunded 2006 Bonds does not extend to a date that could not have been included in the Refunded 2006 Bond issue.**

The Council of the City hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the 2002 Bonds and the Refunded 2006 Bonds, including, but not limited to providing notice to the Paying Agent for the 2002 Bonds and the Refunded 2006 Bonds, and to call the 2002 Bonds and the Refunded 2006 Bonds for optional redemption in full on the first date the 2002 Bonds and the Refunded 2006 Bonds are eligible to be called for optional redemption. In accordance with Section 8246 of the Act, it is the intent of the Board that the 2002 Bonds and the Refunded 2006 Bonds shall no longer be outstanding from and after the date of the issuance of the Notes.

On the date of delivery of the Notes, to the extent required for a lawful defeasance of the 2002 Bonds and the Refunded 2006 Bonds, the proper officers of the City are hereby authorized, empowered and directed to execute, attest and deliver one or more Escrow Agreements in the form approved by such officers with the advice of the Solicitor to the City. The Escrow Agreements shall provide for, among other things, the following: (i) a certification to the Escrow Agent of the amount required to pay the principal of, premium, if any, and interest on, the 2002 Bonds and the Refunded 2006 Bonds, (ii) the deposit with the Escrow Agent of an amount which, when taken together with the interest to be earned thereon, will be in the amount necessary to pay the principal and redemption price of, premium, if any, and interest on the 2002 Bonds and the Refunded 2006 Bonds to the date fixed for the redemption thereof, (iii) the investment of the amounts deposited with and held by the Escrow Agent, (iv) a direction to the Escrow Agent to cause notice of redemption to be given to the holders of the 2002 Bonds and the Refunded 2006 Bonds, and (v) the irrevocable pledge and escrow of, and grant of a security interest in favor of the Escrow Agent of all investments held by it pursuant to the Escrow Agreement.

The City hereby authorizes and directs the proper officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the 2002 Bonds and the Refunded 2006 Bonds to “no longer be deemed to be outstanding” as of the date of delivery of the Notes, within the meaning and for the purposes of Section 8250 of the Act and to cause the redemption of the 2002 Bonds and the Refunded 2006 Bonds on the earliest date permitted thereby.

**Execution, Issuance and Delivery Authorized. The execution, sale and delivery of the Notes, as evidence of the increase in nonelectoral debt authorized in Section 2.01, is hereby authorized and directed.**

**Execution of Notes. The Notes shall be executed by the true or facsimile signatures of the Mayor of the City and shall have a true or facsimile of the official seal of the City affixed thereto, duly attested by the true or facsimile signature of the City Clerk of the City and shall be authenticated by the**



certificate endorsed thereon, manually signed by a duly authorized officer of the Paying Agent hereinafter designated.

Acceptance of Proposal. The proposal of the Purchaser for the purchase of the Notes at private sale by negotiation as set forth in the Purchase Proposal is hereby approved and accepted in compliance with Section 8107 of the Act, which provides that such obligations may be sold by the City at negotiated or invited sale upon receipt of an acceptable proposal for the purchase thereof, and the Notes are hereby awarded to the Purchaser upon the terms set forth in the Purchase Proposal. The Mayor of the City is hereby authorized, empowered and directed to execute an agreement of purchase for the Notes by signing on behalf of the City a copy or copies of the Purchase Proposal in the form as submitted and approved at this meeting and to cause the official seal of the City to be affixed thereto and duly attested by the City Clerk. The Notes, if, as and when issued, shall be delivered to the Purchaser after execution and authentication thereof against receipt of the balance of the full purchase price therefor. A copy of the Purchase Proposal as presented, approved and accepted is to be attached to the minutes of the meeting and is hereby made a part hereof by reference. As set forth in the Purchase Proposal, the Notes are purchased at a bid price equal to \_\_\_\_\_ % of the principal amount thereof as set forth in the Purchase Proposal.

Pledge of Taxing Power. It is hereby covenanted to and with the holders from time to time of the Notes that the City (i) shall include in its budget in each fiscal year the amount of the debt service on the Notes (including any Pledged Notes) for each fiscal year in which such sums are payable, (ii) shall appropriate from its general revenues in each fiscal year such amounts to the payment of such debt service on the Notes (including any Pledged Notes) for such year, and (iii) shall duly and punctually pay or cause to be paid the principal of the Notes (including any Pledged Notes) and the interest due thereon at the dates and places and in the manner stated in the Notes according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the City pledges its full faith, credit and taxing power. As provided in Section 8104 of the Act, this covenant shall be specifically enforceable.

[Reserved].

Department Filing. The Mayor of the City and the City Clerk of the City, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the City: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Notes, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (d) to pay or cause to be paid from

proceeds of the Notes or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Notes; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Purchase Proposal, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Notes, to the extent not inconsistent with this Ordinance or applicable law.

Official Statement. The preparation and the arrangements for the printing of the Official Statement are hereby authorized and approved and the distribution thereof by the Purchaser is authorized. The Mayor of the City is hereby authorized, empowered and directed on behalf of the City to execute the Official Statement in a form approved by special counsel to the City with such additions, deletions or changes as are necessary to make such document in its final form conform to the terms and conditions of the Purchase Proposal and to deliver same to the Purchaser.

Necessary Further Action. The appropriate officers as designated in Section 2.06 hereof are hereby authorized, empowered and directed to execute the Notes as aforesaid in Section 2.06 and to cause the Notes to be authenticated by the certificate endorsed thereon, manually signed by a duly authorized officer of the Paying Agent designated in Section 6.01 hereof. The Mayor of the City is further authorized, empowered and directed to deliver the Notes upon receipt of the purchase money and in accordance with the terms of the Purchase Proposal for the purchase thereof and to execute and deliver any and all papers and documents with such additions, deletions or changes as such officers shall deem appropriate and in accordance with this Ordinance and to take such further action and to do or cause to be done any and all acts and things as may be necessary or appropriate to execute or carry out the purposes of this Ordinance, to incur the debt hereby authorized and to effectuate the issuance, sale and delivery of the Notes, and such actions of such officers shall be deemed the actions of the City.

The City's Bond Counsel, Stevens & Lee, is hereby authorized and directed to prepare all documents required in connection with the issuance, sale and delivery of the Notes as Bond Counsel deems necessary or appropriate and to arrange for the printing thereof and of the Notes. Wachovia Bank, National Association hereby is requested to prepare the City's Official Statement for the Notes in final form and to arrange for the printing thereof.

Letters of Credit. In connection with the issuance of the Notes, the proper officers of the City are hereby authorized to take all action necessary to cause the Notes to be supported by the Letters of Credit as provided in the Purchase Proposal under the terms and conditions therein set forth, including, but not limited to, the execution and delivery by the proper officers of the City of a commitment letter for such Letters of Credit between the City and the Bank.

#### THE NOTES

##### Form and Terms of Notes.

While the Notes are in the Weekly Mode, the form of the Notes shall be as set forth on Exhibit A attached hereto and by this reference made a part of this Ordinance, with appropriate insertions, omissions and variations; while the Notes are in the Term Mode, the form of the Notes shall be substantially as set forth on such Exhibit A but with such insertions, omissions and variations as shall be necessary to reflect the terms and provisions of the Notes while in the Term Mode, including the redemption provisions applicable to Notes in the Term Mode, as set forth in this Ordinance. Notes in the Weekly Mode shall be issued in principal denominations of \$100,000 and \$5,000 multiples in excess thereof. Notes in the Term Mode shall be issued in the denominations of \$5,000 or any integral multiple thereof. All Notes shall be in fully registered form, without coupons, and shall be dated as of the Series Issue Date.

D. The Notes shall initially bear interest at the Weekly Rate from the Series Issue Date. The Notes of a series may be converted from a Weekly Rate to a Term Rate as provided in Section 3.03. Interest on the Notes for any particular Weekly Rate Period shall be calculated on the basis of a year of 365 or 366-days as appropriate for the actual number of days elapsed. Interest accruing on the Notes at a Term Rate shall be computed on the basis of a year of 360-days based upon twelve 30-day months.

Interest on each of the Notes shall be payable on each Interest Payment Date for the immediately preceding interest payment period to the Person in whose name ownership of such Note is registered as of the close of business on the Regular Record Date for such Interest Payment Date, except as provided in clause (iii) of this subsection, and shall be paid by check mailed on the applicable Interest Payment Date to the address of such Holder shown on the Note Register; provided, however, that interest on a Note shall be paid by wire transfer of immediately available funds to an account of the Holder thereof within the United States of America, if such Holder is DTC, its nominee or any successor securities depository or if such Holder is the registered owner of Notes in an aggregate principal amount of \$1,000,000 or more and has made written request for wire payment of interest to the Paying Agent at least fifteen (15) days prior to the Interest Payment Date. Any such request of such Holder for wire payment of interest on such Note may state that such request and wire payment instructions will remain effective until further notice to the Paying Agent, but no such request shall be valid and effective after ownership of such Note shall be transferred upon the Note Register.

The Notes authenticated and delivered while bearing interest in the Weekly Mode shall set forth on the face thereof, in the place provided for designating the interest rate, the words “Weekly Rate.”

Notes authenticated and delivered while bearing interest at a Term Rate shall set forth on the face thereof, in the place provided for designating the interest rate, the words “\_\_\_ % Term Rate” for Term Rate Period ending with appropriate insertion of the applicable interest rate and maturity date.

**Interest on any Note not punctually paid or duly provided for by the City shall forthwith cease to be payable to the Person in whose name ownership of such Note is registered as of the Regular Record Date for the payment of such interest and shall be paid to the Person in whose name such Note is registered at the close of business on the Special Record Date established for the payment of such interest.**

**Subject to the provisions of Section 5.08 hereof, interest on a Note (or the applicable portion thereof) shall cease to accrue on the earliest of the following dates:**

on the Purchase Date set forth in a Noteholder Tender Notice with respect to such Note (or portion thereof) satisfying the terms and conditions of Section 5.03, provided that money has been irrevocably deposited in the Letter of Credit Purchase Account in an amount sufficient and available to pay the Purchase Price thereof on such Purchase Date;

on the date fixed for redemption thereof, provided that proper notice of redemption has been given in accordance with the terms hereof and of the Notes and money has been irrevocably deposited with the Paying Agent in an amount sufficient and available to pay the Redemption Price thereof on such date fixed for redemption;

on the maturity date of such Note, provided that money has been irrevocably deposited with the Paying Agent in an amount sufficient to pay the principal amount thereof, plus accrued and unpaid interest thereon to such maturity date; and

on the Purchase Date with respect to any mandatory tender of Notes in accordance with Section 5.04, provided that money has been irrevocably deposited in the Letter of Credit Purchase Account in an amount sufficient and available to pay the Purchase Price thereof on such Purchase Date.

From and after any such date upon which interest shall cease to accrue on a Note (or portion thereof), the Owner of such Note (or portion thereof) shall have no rights with respect thereto, except to receive payment of the Purchase Price, the Redemption Price or the matured principal thereof, together with accrued and unpaid interest thereon, if any, to the Purchase Date, the redemption date or the maturity date, as applicable and appropriate, from the money so deposited with the Paying Agent.

**Anything herein to the contrary notwithstanding, in no event shall any Notes bear interest at a rate in excess of the Maximum Rate.**

**Pledged Notes shall bear interest at the rate set forth in the Reimbursement Agreement.**

**The principal, redemption premium, if any, and interest with respect to the Notes (including the Purchase Price or Redemption Price, as applicable) shall be payable in lawful money of the United States of America at the Designated Office of the Paying Agent and, in the case of an optional or mandatory tender of Notes**

for purchase, at the Designated Office of the Paying Agent. No payment of principal or redemption premium with respect to a Note (including the portion of the Purchase Price or Redemption Price representing principal or premium) shall be made unless and until such Note is surrendered to the Paying Agent for payment and cancellation; subject, however, to the provisions hereof with respect to Notes while held in book-entry form and registered in the name of DTC, its nominee or a successor securities depository or its nominee.

The Series C Notes shall mature on \_\_\_\_\_, 20\_\_. The Series D Notes shall mature on \_\_\_\_\_, 20\_\_. The Notes shall be subject to redemption and tender for purchase prior to stated maturity as provided in Section 5.

*Weekly Rate. A Weekly Rate shall be determined for each Weekly Rate Period as described below. For each Weekly Rate Period and so long as the Notes are in the Weekly Mode, the interest rate on the Notes shall be the current market rate determined by the Remarketing Agent on the immediately preceding Weekly Rate Calculation Date, in accordance with this Section. On each Weekly Rate Calculation Date, the Remarketing Agent shall determine the Weekly Rate for the next succeeding Weekly Rate Period as the rate which if borne by the Notes would, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to arrange for the sale of all of the outstanding Notes at a price equal to the principal amount thereof plus accrued interest thereon. Notice of such Weekly Rate shall be given by the Remarketing Agent to the Paying Agent by the close of business on the Weekly Rate Calculation Date. No notice of Weekly Rates will be given to the City, the Bank or the Holders; however, the City, the Bank and the Holders may obtain Weekly Rates from the Paying Agent or the Remarketing Agent upon request therefor. Anything herein to the contrary notwithstanding, in no event shall the Weekly Rate borne by the Notes exceed the Maximum Rate.*

In determining each Weekly Rate to be effective pursuant to this Section, prevailing financial market conditions which the Remarketing Agent shall take into account shall include (i) existing short-term taxable market rates and indexes of such short-term rates, (ii) the existing market supply and demand for short-term taxable securities, (iii) existing yield curves for short-term taxable securities for obligations of credit quality comparable to the Notes, (iv) general economic conditions, (v) industry, economic and financial conditions that may affect or be relevant to the Notes, and (vi) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

If for any reason the Remarketing Agent does not determine a Weekly Rate for any Weekly Rate Period as aforesaid, or if a court holds a rate for any Weekly Rate Period to be invalid or unenforceable, the Weekly Rate for that Weekly Rate Period shall be equal to the Weekly Rate in effect for the immediately preceding Weekly Rate Period. The Weekly Rate for any consecutive succeeding Weekly Rate Period for which the Remarketing Agent does not determine a Weekly Rate, or a court holds a rate to be invalid or unenforceable, shall be equal to LIBOR.

The determination of the Weekly Rate by the Remarketing Agent pursuant to this Ordinance shall be conclusive and binding upon the City, the Paying Agent, the Remarketing Agent, the Bank and the Holders of the Notes.

Term Rate. A Term Rate shall be determined for each Term Rate Period as described below. Upon conversion to a Term Mode, a Nominal Term Rate Period shall be fixed by the City pursuant to Section 3.10 as a term of two or more consecutive Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Rate Mode. A Term Mode based on one Nominal Term Rate Period and a Term Mode based on another Nominal Term Rate Period are different Rate Modes. Each Term Rate shall be determined by the Remarketing Agent, on the Term Rate Calculation Date, as the lowest rate of interest that, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, would be necessary to enable the Remarketing Agent to arrange for the sale of the Notes in the respective Term Mode in a secondary market sale at a price equal to the principal amount thereof, plus accrued interest, on the first Business Day of the respective Term Rate Period; provided that (1) if the Remarketing Agent fails for any reason to determine the Term Rate for any Term Rate Period, such Term Rate shall be equal to 80% of the average of the annual bond equivalent yield evaluations at par as of the first day of the corresponding Term Rate Period or, if such day is not a Business Day, the next preceding Business Day of United States Treasury obligations having a term to maturity similar to such Term Rate Period, and (2) no Term Rate shall exceed the lesser of (i) the maximum interest rate at which the applicable Letter of Credit then in effect provides coverage for at least 200 days interest and (ii) 8% per annum. In determining a Term Rate pursuant to this Section, prevailing financial market conditions which the Remarketing Agent shall take into account shall include (i) existing long-term taxable market rates and indexes of such long-term rates, (ii) the existing market supply and demand for long-term taxable securities, (iii) existing yield curves for long-term taxable securities for obligations of credit quality comparable to the Notes, (iv) general economic conditions, (v) industry, economic and financial conditions that may affect or be relevant to the Notes, and (vi) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant. Notice of each Term Rate shall promptly be given by telephone (promptly confirmed in writing) by the Remarketing Agent to the Paying Agent, the City and the Bank. Determinations of Term Rates pursuant to this Section shall be conclusive and binding upon the City, the Paying Agent, the Bank and the Holders.

Note Register: Status of Registered Owners. The Note Registrar shall keep books for the registration of ownership, transfer and exchange of Notes in the manner provided therein and herein so long as any Notes shall remain outstanding.

As to any Note, the City and the Paying Agent may deem and treat the Person or Persons in whose name(s) ownership of such Note is registered on the Note Register as the absolute owner thereof for all purposes, whether such Note shall be overdue or not, and payment of the principal of, premium, if any, and interest on any such Note shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and

discharge the liability upon any such Note, to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

Registration, Transfer and Exchange of Notes; Mutilated, Lost, Wrongfully Taken or Destroyed Notes; Cancellation of Notes. All Notes shall be issued in registered form and the ownership thereof shall be recorded by the Note Registrar upon the Note Register upon original issuance thereof and upon subsequent transfer of ownership or exchange as herein provided. Registration of a transfer of ownership of any Note shall be made upon the Note Register upon surrender of such Note to the Note Registrar, at its Designated Office, accompanied by a written instrument or instruments of assignment and transfer in form, with instructions, and with guaranty of signature satisfactory to the Note Registrar, duly executed by the Owner of such Note or his attorney-in-fact or legal representative. The Note Registrar shall enter any transfer of ownership of such Note in the Note Register and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Note or Notes of like tenor in authorized denomination(s) for the aggregate principal amount which the transferee is entitled to receive. Any of the Notes, upon surrender thereof at the Designated Office of the Note Registrar, accompanied by written instructions satisfactory to the Note Registrar, duly executed by the Owner thereof or his attorney or legal representative, may be exchanged for a like aggregate principal amount of Notes of like tenor of other authorized denominations. All such registration of transfers and exchanges shall be made without cost to the Holder or his transferee, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The City and the Note Registrar shall not be required to issue or register the transfer of or exchange any Notes during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Notes to be redeemed and ending at the close of business on the day of mailing of the notice of redemption or to register the transfer of or exchange any portion of any Note selected for redemption until after the redemption date.

If any Note is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the City or the Paying Agent that a lost, wrongfully taken or destroyed Note has been acquired by a bona fide purchaser, the City shall execute, and the Paying Agent shall authenticate and deliver, a new Note of like date, maturity, interest rate and denomination and of the same series as the Note mutilated, lost, wrongfully taken or destroyed; provided that (i) in the case of any mutilated Note, the mutilated Note first shall be surrendered to the Paying Agent, and (ii) in the case of any lost, wrongfully taken or destroyed Note, there first shall be furnished to the City and the Paying Agent evidence of the loss, wrongful taking or destruction satisfactory to the Paying Agent, together with indemnity satisfactory to it and to the Authorized Officer of the City. The City and the Paying Agent may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Note their reasonable fees and expenses in connection with their actions pursuant to this Section.

Notwithstanding the foregoing, the Paying Agent shall not be required to authenticate and deliver any substitute Note for a Note which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price and interest then due or becoming due shall be paid by the Paying Agent with funds available under the Ordinance for such purpose in accordance with the terms of the mutilated, lost, wrongfully taken or destroyed Note without substitution therefor.

Any Note authenticated and delivered under this Section 3.05 in substitution for a lost, wrongfully taken or destroyed Note shall, except as otherwise provided in this Section, be deemed to evidence the same debt as the lost, wrongfully taken or destroyed Note. Every substituted Note issued pursuant to this Section shall constitute an additional contractual obligation of the City and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Notes duly issued hereunder unless the Note alleged to have been lost, wrongfully taken or destroyed shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Note alleged to have been lost, wrongfully taken or destroyed shall be enforceable by anyone, the City may recover the substitute Note from the Noteholder to whom it was issued or from anyone taking under such Noteholder except a bona fide purchaser for value without notice.

All Notes shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Notes and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or hereafter enacted.

Any Note surrendered pursuant to this Section 3 for the purpose of payment, redemption, retirement, exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Paying Agent. Notes purchased pursuant to Section 5.03 or 5.04 shall not be surrendered Notes and shall be outstanding Notes, unless otherwise specifically provided in this Ordinance.

The City may deliver at any time to the Paying Agent for cancellation any Notes previously authenticated and delivered hereunder, which the City may have purchased pursuant to the provisions of this Ordinance. All Notes so delivered shall be cancelled promptly by the Paying Agent. Cancelled Notes shall be destroyed by the Paying Agent by shredding, incineration or other method promptly after their cancellation. Upon written request from the City, the Paying Agent shall provide certificates describing the destruction of cancelled Notes to the City.

**Temporary Notes. Until Notes in definitive form are ready for delivery, the City may execute, and upon its written request, the Note Registrar shall authenticate and deliver in lieu of Notes in definitive form, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Notes in temporary form, substantially of the tenor of the Notes herein described, with appropriate omissions, variations and insertions. Until exchanged for Notes in definitive form, such executed and authenticated Notes in temporary form shall be entitled to all the benefits of this Ordinance. The City may prepare, execute and deliver to the Note Registrar, and the Note Registrar shall authenticate and deliver, in exchange for Notes in temporary form upon**



surrender thereof at the Designated Office of the Note Registrar, Notes in definitive form of the same maturity, principal amount and interest rate duly registered in the name of the Owner of the Notes in temporary form so surrendered for exchange. Such exchange shall be made at the expense of the City.

Note Identification Numbers and Legends. Any Note may bear such number, or other marks of identification or designation, including "CUSIP" numbers, may be endorsed with or have incorporated in the text thereof such legends or recitals with respect to transferability, and may contain such provisions, specifications and descriptive words not inconsistent in any case with the provisions of this Ordinance, as may be determined by the City and approved by the Paying Agent and Note Registrar. Neither the City, the Note Registrar nor the Paying Agent shall be deemed to make any representation as to the accuracy or correctness of any "CUSIP" numbers, either as printed on the Notes or in any notice of redemption.

Authentication. None of the Notes shall be entitled to any benefit under this Ordinance, nor shall any of the Notes be valid, obligatory or enforceable for any purpose until such note shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Note Registrar; and the Note Registrar is hereby authorized to register and authenticate the Notes in accordance with the provisions hereof.

Book-Entry System for Notes.

Notwithstanding the foregoing provisions of this Section 3, the Notes shall be issued initially in the form of one fully-registered note, which may be typewritten or lithographed, for the aggregate principal amount of the Notes of each maturity and shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in subsection (g) below, all of the Notes shall be registered in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that any Notes be registered in the name of a different nominee, the Note Registrar shall exchange such Notes for an equal aggregate principal amount of Notes of like tenor registered in the name of such nominee. No person other than DTC or its nominee shall be entitled to receive from the City, the Paying Agent or the Note Registrar either a Note or any other evidence of ownership of Notes, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Notes on the Note Register in connection with discontinuing the book-entry system as provided in subsection (g) below or otherwise.

So long as any Notes are registered in the name of DTC or any nominee thereof, all payments of the principal, premium, if any, or interest on such Notes (including payments of the Purchase Price of such Notes) shall be made to DTC or its nominee in accordance with the Representation Letter on the dates provided for such payments under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City and the Paying Agent with respect to the principal, premium, if any, or interest on the Notes to the extent of the sum or sums so paid. In the event of any redemption of less than all of the Notes outstanding of any particular maturity, the Paying Agent shall not require surrender by DTC or its nominee of the Notes

so redeemed, but DTC (or its nominee), may retain such Notes and make an appropriate notation on the Note certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Paying Agent, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the Notes of such maturity which have been redeemed.

The City, the Paying Agent and the Note Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for the purposes of payment of the principal, premium, if any, or interest on the Notes (including the payment of Purchase Price with respect thereto), selecting the Notes or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under this Ordinance, registering the transfer of ownership of Notes, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever; and neither the City, the Paying Agent nor the Note Registrar shall be affected by any notice to the contrary. Neither the City, the Paying Agent nor the Note Registrar shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the Notes under or through DTC or any such participant, or any other Person which is not shown on the Note Register as being a Holder, with respect to (1) the Notes, (2) the accuracy of any records maintained by DTC or any such participant, (3) the payment by DTC or any such participant of any amount in respect of the principal, premium, if any, or interest on the Notes (or Purchase Price), (4) any notice which is permitted or required to be given to Holders under this Ordinance, (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Notes, and (6) any consent given or other action taken by DTC as Holder.

So long as the Notes or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders of such Notes under this Ordinance shall be given to DTC as provided in the Representation Letter.

In connection with any notice or other communication to be provided to Holders pursuant to this Ordinance by the City, the Remarketing Agent, the Paying Agent or the Note Registrar with respect to any consent or other action to be taken by Holders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City, the Remarketing Agent or the Paying Agent, as appropriate, may establish a special record date for such consent or other action. The City, the Remarketing Agent or the Paying Agent, as appropriate, shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

At or prior to settlement for the Notes, the Remarketing Agent and the Paying Agent shall execute or signify their approval of the Representation Letter in substantially the form on file with the City Clerk of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the Mayor of the City is hereby authorized and directed to execute, to attest, if appropriate, and to deliver such Representation Letter on behalf of the City. Any successor paying agent or remarketing agent for the Notes shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

The book-entry system for registration of the ownership of the Notes may be discontinued at any time if either (1) after notice to the City, the Paying Agent and the Note Registrar, DTC determines to resign as securities depository for the Notes, or (2) after notice to DTC, the Paying Agent and the Note Registrar, the City determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the City. In either of such events (unless in the case described in clause (2) above, the City appoints a successor securities depository), the Notes shall be delivered in registered certificate form to such Persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the City, the Paying Agent or the Note Registrar for the accuracy of such designation. Whenever DTC requests the City, the Paying Agent and the Note Registrar to do so, the City, the Paying Agent and the Note Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Notes.

Anything herein to the contrary notwithstanding, so long as any Notes are registered in the name of DTC or any nominee thereof, in connection with any optional tender of such Notes, the beneficial owners of such Notes are responsible for submitting Noteholder Tender Notices to the Remarketing Agent only (and if and as permitted by the Remarketing Agent, such Noteholder Tender Notices may be submitted telephonically).

Upon remarketing of Notes in accordance with Section 5, payment of the Purchase Price thereof shall be made to DTC and no surrender of certificates is expected to be required. Such sales shall be made through DTC participants (which may include the Remarketing Agent) and the new beneficial owners of such Notes shall not receive delivery of note certificates. DTC shall transmit payment to DTC participants, and DTC participants shall transmit payment to beneficial owners whose Notes were purchased pursuant to a remarketing. Neither the City, the Paying Agent, the Note Registrar nor the Remarketing Agent is responsible for transfers of payment to DTC participants or beneficial owners. The provisions of this Section are subject to the provisions hereof relating to Pledged Notes.

*Conversion of Interest Mode. The City shall have the option to convert the Notes of a series from one Rate Mode to another Rate Mode as herein provided on any Conversion Date the City shall select; provided that (i) each Conversion Date shall be an Interest Payment Date and (ii) Notes in a Term Mode cannot be converted to another Rate Mode prior to the date on or after which the Notes may first be redeemed at a redemption price of par, plus accrued interest, pursuant to their terms. The City may exercise its option to convert the Notes of a series regardless of the number of times the City have previously been converted pursuant to the exercise of its option to convert. The City shall exercise such option by giving written notice from an Authorized Officer of the City to Paying Agent, the Remarketing Agent and the Bank, stating its election to convert the Rate Mode of the Notes of a series to another Rate Mode specified in such notice and stating the Conversion Date therefor, not less than 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Conversion Date. Upon receipt of such notice by the Paying Agent, the Paying*

Agent may conclusively assume that the City, the Remarketing Agent and the Bank also received a copy of such notice and that such condition has been complied with. In connection with each conversion to a Term Mode, the Nominal Term Rate Period shall be selected by the City and designated in such notice. Notice of the exercise of an option to convert shall not be effective unless, within 10 days (or such greater period as shall be acceptable to the Paying Agent) of the delivery of such notice, there shall have been delivered to the Paying Agent (1) an opinion of Note Counsel addressed to the Paying Agent, the City, the Bank and the Remarketing Agent to the effect that such conversion is authorized or permitted by this Ordinance and the Act, (2) written consent of the Bank to such conversion, (3) in the case of a conversion to a Term Mode, an amendment to the applicable Letter of Credit or an Alternate Letter of Credit which provides for (i) an Expiration Date not earlier than one year after the Conversion Date, (ii) on and after such Conversion Date, coverage of 200 days accrued interest on the Notes at a rate not less than the interest rate at which the then current letter of credit provides coverage, subject to adjustment on the Conversion Date to the actual Term Rate as the same shall be fixed on the Conversion Date, and (iii) on and after such Conversion Date, coverage of premium (if any) on the Notes in an amount equal to the sum of the optional redemption premium and supplemental premium which would become payable on the Notes upon mandatory redemption if the applicable Letter of Credit (as amended by such amendment) or such Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein, (4) in the case of a conversion from a Term Mode to the Weekly Mode an amendment to the applicable Letter of Credit or an Alternate Letter of Credit which provides for (i) an Expiration Date not earlier than one year after the Conversion Date and (ii) on and after such Conversion Date, coverage for [43] days accrued interest on the Notes at a maximum rate of 12% per annum, and (5) written notice from the Rating Service that such conversion and the related amendment to the applicable Letter of Credit or delivery of an Alternate Letter of Credit will not result in a withdrawal or reduction of the then current rating or ratings on the Notes or setting forth a new rating or ratings on the Notes effective upon such conversion. In the case of a conversion from one Rate Mode to another Rate Mode, the Paying Agent shall give notice by first class mail (postage prepaid) to the Holders not less than 30 days prior to the proposed Conversion Date stating (i) that, in the case of a conversion to a Term Mode, the interest rate on the Notes is scheduled to be converted to a Term Rate and stating the Nominal Term Rate Period on which such Term Rate will be based, or in the case of a conversion to the Weekly Mode, the interest rate on the Notes is scheduled to be converted to a Weekly Rate, (ii) the proposed Conversion Date, (iii) that the City, on or before the tenth day prior to the proposed Conversion Date, may determine not to convert the Notes in which case the Paying Agent shall notify the Holders in writing to such effect, and (iv) that all outstanding Notes will be subject to a

mandatory purchase on the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day following such Conversion Date at a price of par plus accrued interest, if any. The City, the Paying Agent, the Bank and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice. Upon each conversion under this Section, the Notes of a series shall be subject to mandatory purchase pursuant to Section 5.04 on the Conversion Date or if such Conversion Date is not a Business Day, the first Business Day following such Conversion Date. In connection with such conversion, the existing Letter of Credit for the applicable series of Notes shall not be surrendered until after the Paying Agent has drawn upon such Letter of Credit with respect to any amount necessary to pay principal of or interest on the Notes then due and the purchase price of Notes subject to conversion pursuant to Section 5.04(a), and any amounts so drawn have been received by the Paying Agent.

Preparation, Execution, Authentication and Delivery of Term Rate Notes. In connection with any conversion of the interest rate on the Notes of a series from the Weekly Rate to the Term Rate, the City shall cause new note certificates for the Notes to be prepared (which shall be in the form set forth in Exhibit A to this Ordinance, but with appropriate insertions, omissions and variations as shall be necessary to reflect the terms of Notes in the Term Mode, including the appropriate redemption provisions, as set forth or authorized in this Ordinance), duly executed in the name of and on behalf of the City by the manual or facsimile signatures of the Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, attested by the manual or facsimile signature of the City Clerk of the City, imprinted or impressed with the official seal of the City or a facsimile thereof, and delivered to the Paying Agent for registration, authentication and delivery to the purchasers thereof in accordance with Section 5 hereof.

#### SINKING FUND AND OTHER FUNDS

Creation of Funds and Accounts. There are hereby created two special funds designated as the "Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series C of 2008" and "Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series D of 2008" (referred to herein collectively as the "Sinking Fund") to be held by the Paying Agent as required by the Act.

Payments and withdrawals from the Sinking Fund shall be made only by the Paying Agent and only for the purposes and upon compliance with the terms and conditions hereinafter provided. In order to perform its duties, the Paying Agent may create such additional funds and separate accounts (including a settlement fund to handle transactions related to the issuance of the Notes) as it may deem necessary or desirable.

The Sinking Fund. The City hereby appoints the Paying Agent as the sinking fund depositary with respect to the Sinking Fund and covenants to make

payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Notes when due. The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, is hereby authorized and directed to contract with the Paying Agent for its services as paying agent and sinking fund depository with respect to the Notes and the Sinking Fund, and for such purposes are hereby authorized and directed to execute, to attest, if appropriate, and to deliver an agreement with the Paying Agent for its services and fees, such agreement to be in the form approved by special counsel to the City and the officers of the City who shall execute the same, their execution thereof to constitute conclusive evidence that such approvals have been given or received.

The General Account and the Letter of Credit Debt Service Account.

There is created within and as a part of the Sinking Fund an account to be designated as the "General Account" and an account to be designated as the "Letter of Credit Debt Service Account." The City covenants and agrees to deposit in the Sinking Fund, on or before the date when such payment is due, an amount which shall be sufficient to permit the Paying Agent to pay on such date all principal, Purchase Price and interest becoming due with respect to the Notes, whether by maturity, mandatory sinking fund redemption or otherwise. Except as otherwise specifically directed under the terms of this Ordinance, all moneys received from the City shall be deposited into the General Account of the Sinking Fund. Moneys held by the Paying Agent in the General Account shall be applied in accordance with Section 4.03(b)(ii) and the other provisions of this Ordinance (i) to reimburse the Bank with respect to drawings on the Letters of Credit to pay the principal of, premium, if any, on or interest on Notes, or (ii) to make payments of principal of, premium, if any, on and interest on the Notes, to the extent other moneys are unavailable therefor. All moneys (and only those moneys) received by the Paying Agent from drawings under the Letters of Credit to pay principal of, premium, if any, on and interest on the Notes shall be deposited in the Letter of Credit Debt Service Account and applied to such purpose.

Application of Sinking Fund. Moneys in the Sinking Fund shall be applied as follows:

Moneys in the Letter of Credit Debt Service Account shall be applied to the payment when due of principal of, premium, if any, on and interest on the Notes (other than Pledged Notes, for which such moneys shall not be Available Moneys).

Moneys in the General Account shall be applied to the following in the order of priority indicated:

when insufficient moneys have been received under the Letters of Credit for application pursuant to Subsection 4.03(b)(i), the payment when due of principal of, premium, if any, on and interest on the Notes, other than Pledged Notes;

the reimbursement of the Bank when due for moneys drawn under the Letters of Credit and deposited in the Letter of Credit Debt Service Account for payment of principal of, premium, if any, on and interest on the Notes (in applying moneys pursuant to this clause, the Paying Agent shall transfer such moneys by wire transfer of immediately available funds); and

the payment when due of principal of, premium, if any, on and interest on Pledged Notes.

**Drawings on Letters of Credit.** By 12:00 noon on the Business Day immediately preceding each Interest Payment Date, each redemption date and the maturity date of the Notes, the Paying Agent shall present the requisite draft and certificate for a drawing on the applicable Letter of Credit so as to comply with the provisions of the such Letter of Credit for payment to be made in sufficient time for the Paying Agent to receive the proceeds of such drawing at or before 12:00 noon on such Interest Payment Date, redemption date or maturity date, as the case may be, to pay principal of, premium, if any, on and interest on the Notes due on such date. By 5:00 p.m. on each date it presents the requisite documents for a drawing on a Letter of Credit, the Paying Agent shall give notice to the City by telephone, promptly confirmed in writing, of the amount so drawn. The Paying Agent shall promptly notify the City by facsimile transmission or by oral or telephonic communication confirmed in writing if the Bank fails to transfer funds in accordance with the applicable Letter of Credit upon the presentment of the requisite draft and certificate. In calculating the amount to be drawn on a Letter of Credit for the payment of principal of and interest on the Notes, whether on an Interest Payment Date, at maturity or upon redemption, the Paying Agent shall not take into account the potential receipt of funds from the City under this Ordinance on such Interest Payment Date, or the existence of any other moneys in the Sinking Fund, but shall draw on the applicable Letter of Credit for the full amount of principal and interest coming due on the Notes.

**Payment in Full.** Whenever the amount in the Sinking Fund available for the payment of principal or redemption price and interest in accordance with Subsection 4.03(b) is sufficient to redeem all of the outstanding Notes and to pay interest accrued to the redemption date, the City will cause the Paying Agent to redeem all such Notes on the redemption date specified by the City pursuant to the Notes and this Ordinance. Any amounts remaining in the Sinking Fund after payment in full of the principal of and premium, if any, and interest on the Notes (or provision for payment thereof) and the fees, charges and expenses of the Paying Agent shall be paid to the City.

**Credits.** If at any time the Paying Agent has funds, including funds received pursuant to a Letter of Credit, which under the provisions of this Ordinance are to be applied to pay the principal of, premium, if any, on or interest on the Notes, the City, to the extent that such funds are to be so applied, shall be entitled to a credit, equal to the amount of such funds, against payments due from the City under this Ordinance; provided that, with respect to funds received pursuant to one or more drawings on a Letter of Credit, the Bank has been reimbursed therefor.

**[Reserved].**

**The Letter of Credit Purchase Account. The Letter of Credit Purchase Account shall be held and administered by the Paying Agent as set forth in Section 5.07 hereof.**

**Moneys to Be Held for All Noteholders, with Certain Exceptions. As provided in the Act, all money deposited in the Sinking Fund as required by the Act and all investments and proceeds of investments thereof shall, without further action or filing, be subject to a perfected security interest for the Holders of the Notes until such money or investments shall have been properly disbursed or sold.**

All money in the Letter of Credit Purchase Account shall be held by the Paying Agent for the benefit of the Persons who shall have delivered the money at the time on deposit therein or the Holders of Notes to be purchased therefrom as set forth in Section 5.07 hereof.

As provided in the Act, the Paying Agent, as sinking fund depositary, shall return to the City all money deposited in the Sinking Fund for the payment of Notes which have not been claimed by the Holders thereof after two years from the date when payment thereon was due, except where such money is held for the payment of outstanding checks, or other instruments of the Paying Agent. Nothing herein, however, shall relieve the City of its liability to the Holders of unrepresented Notes.



Investment or Deposit of Funds.

**Sinking Fund.** Moneys on deposit in the Sinking Fund shall be deposited, redeposited, invested and reinvested by the Paying Agent, as sinking fund depositary, at the direction of the City, all as provided in the Act. As provided in the Act, all such deposits and investments shall be in the name of the City, but money and investments in the Sinking Fund shall be subject to withdrawal and collection only by the Paying Agent, as sinking fund depositary, for proper purposes. Any investments of money in the Sinking Fund may be sold at any time by the Paying Agent, as sinking fund depositary if cash is required for expenditure, or as directed by the City, through any broker or dealer in securities. Income received from any deposit or investment of money in the Sinking Fund shall be a part of the fund or account invested and may be applied if so desired by the City in reduction of or to complete any required deposits in such fund or account.

**Letter of Credit Purchase Account.** Money deposited in the Letter of Credit Purchase Account shall be held, uninvested, pending application and disbursement in accordance with the provisions of Section 5.07.

**Notification of Insufficient Funds.** *The Paying Agent shall, and the Holders may, immediately notify the Bank if there are insufficient funds in the Sinking Fund to make all regularly scheduled payments of principal of, and interest on, the Notes when due or to reimburse the Bank for such payments. Such notice shall be provided in the manner required by the Reimbursement Agreement and the Letters of Credit.*

**REDEMPTION AND TENDER OF NOTES**

**Notes Subject to Redemption.**

While the Notes are in the Weekly Mode, the Notes may be redeemed by the City, in whole at any time or in part on any Interest Payment Date, prior to maturity at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

While the Notes are in a Term Mode, the Notes shall be subject to optional redemption prior to maturity by the City, only (i) in whole or in part on a Term Rate Period End Interest Payment Date at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date or (ii) prior to the end of the then current Term Rate Period in whole at any time or in part on any Interest Payment Date, provided that the Notes shall not be redeemable during the No Call Period shown below, which shall begin on the first day of the current Term Rate Period. In each Term Rate Period, after the applicable No Call Period, the Notes shall be redeemable at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Term Rate Period

<u>Equal to or Greater Than</u>	<u>But Less Than</u>	<u>No Call Period</u>
10 Years	N/A	8 Years
5 Years	10 Years	5 Years
N/A	5 Years	2 Years

In connection with any conversion to a Term Mode, the City may, by written stipulation delivered to the Paying Agent, the Remarketing Agent and the Bank, waive or otherwise alter its right to direct the optional redemption of the Notes and any redemption premium that may become payable in connection therewith; provided that, at least 30 days (or such shorter period as shall be acceptable to the Paying Agent, the Remarketing Agent and the Bank) prior to the respective Conversion Date, there is delivered to the Paying Agent, the Remarketing Agent and the Bank (1) a notice from the City setting forth such waiver or alteration and (2) an opinion of Note Counsel to the effect that such waiver or alteration is authorized or permitted under this Ordinance and the Act. Any such revisions of the redemption period and redemption price will not be considered an amendment of or a supplement to the Ordinance and will not require the consent of a Noteholder or any other person or entity.

The City may only call Notes for optional redemption pursuant to this Subsection which would require a payment of a premium if (i) the Paying Agent can draw under the applicable Letter of Credit moneys sufficient to pay such premium with respect to all Notes other than any Pledged Notes and (ii) the Bank has consented to such optional redemption.

If optional redemption at a redemption price exceeding 100% of the principal amount to be redeemed is to take place as of any applicable mandatory redemption date identified in Subsection 5.01(c), the Notes, or portions thereof, to be so redeemed shall be selected pursuant to the provisions of Section 5.02 prior to the selection of the Notes to be redeemed on the same date by operation of the mandatory redemption provisions of Subsection 5.01(c).

**The Series C Notes are subject to mandatory sinking fund redemption prior to stated maturity, on \_\_\_\_\_ of the years and in the principal amounts set forth in the following schedule, as drawn by lot in a fair and equitable manner by the Paying Agent.**

<u>Years</u>	<u>Amount</u>
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\_\_\_\_\_  
\*Maturity

The Series D Notes are subject to mandatory sinking fund redemption prior to stated maturity, on \_\_\_\_\_ of the years and in the principal amounts set forth in the following schedule, as drawn by lot in a fair and equitable manner by the Paying Agent.

<u>Years</u>	<u>Amount</u>
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\*Maturity

Any such redemption shall be upon application of the moneys available for such purpose hereunder, upon payment of the redemption price equal to 100% of the principal amount thereof, together with accrued interest.

**Mandatory Redemption Upon Expiration of Letter of Credit Without Replacement.** While the Notes are in a Term Mode, the Notes are subject to mandatory redemption in whole by the City on the Interest Payment Date next preceding the Expiration Date of a Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the applicable Letter of Credit has been or will be extended; provided that, if such Interest Payment Date is a Term Rate Period End Interest Payment Date, then such Notes shall not be so redeemed but shall be subject to mandatory purchase as provided in Section 5.04. The redemption price of Notes so redeemed shall be equal to the redemption price that would be applicable to such Notes if they were redeemed by optional redemption pursuant to Subsection 5.01(b); provided that if such redemption will occur during the applicable No Call Period under Subsection 5.01(b), then the redemption price shall be equal to the optional redemption price that would be applicable to such Notes on the first day after the expiration of the applicable No Call Period plus a supplemental premium in the amount (expressed as a percentage of the principal amount of the Notes to be redeemed) that corresponds to the then remaining No Call Period, as follows:

<u>Remaining No Call Period</u>	<u>Supplemental Premium</u>
<u>Equal to or But Less Than</u>	<u>Greater Than</u>

6 Years – N/A	3%
3 Years – 6 Years	2%
N/A – 3 Years	1%

In connection with any conversion to a Term Mode, the City may, by written stipulation delivered to the Paying Agent, the Remarketing Agent and the Bank, waive or otherwise alter

any redemption premium or any supplemental premium which may become payable in connection with a mandatory redemption upon expiration of a Letter of Credit; provided that, at least 30 days (or such shorter period as shall be acceptable to the Paying Agent, the Remarketing Agent and the Bank) prior to the respective Conversion Date, there is delivered to the Paying Agent, the Remarketing Agent and the Bank (1) a notice from the City setting forth such waiver or alteration and (2) an opinion of Note Counsel to the effect that such waiver or alteration is authorized or permitted under this Ordinance and the Act. Any such revisions of the redemption period and redemption price will not be considered an amendment of or a supplement to the Ordinance and will not require the consent of a Noteholder or any other person or entity.

**[Redemption of Pledged Notes.** Any Pledged Notes held by the Bank pursuant to the terms and conditions of the Reimbursement Agreement shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon at the rate specified in such Reimbursement Agreement to the redemption date, on the dates and in the principal amounts described in the Reimbursement Agreement.]

**Use of Certain Funds to Redeem Notes.** The Paying Agent shall draw on the applicable Letter of Credit in the manner provided by Section 4.03 hereof to pay the principal of and premium (if any) and interest on any Notes called for redemption pursuant to this Section. Except as otherwise provided in this Section, the Paying Agent shall pay the redemption price on all Notes redeemed under this Section in the manner and from the sources set forth in Section 4.03 with respect to the payment of Note Service. The Paying Agent shall only call Notes for optional redemption pursuant to subsection 5.01(a) or 5.01(b) if (i) it holds moneys in the Sinking Fund available for payment of the Notes to be redeemed pursuant to Section 4.03(b) or (ii) the Bank has consented to such optional redemption.

**Notice and Effective Date of Redemption, Redemption in Part, Payment of Redeemed Notes.**

When required to redeem Notes under any provision of this Ordinance, or when directed to do so by the City pursuant to the provisions of this Ordinance, the Paying Agent shall cause notice of the redemption to be given not more than 60 days and not less than 15 days (30 days if the Notes are in a Term Mode) prior to the redemption date, except in the case of a redemption pursuant to Subsection 5.01(d) in which case the Paying Agent shall cause notice to be given not more than 45 days and not less than 15 days (30 days if the Notes are in a Term Mode) prior to the redemption date, by mailing copies of such notice of redemption by first class mail, postage prepaid, to all Holders of Notes to be redeemed at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any Note shall not affect the validity of the redemption of any other Note with respect to which notice was properly given. Each such notice shall be dated and shall be given in the name of the City and shall state the following information:

the identification numbers, as established under this Ordinance, and the CUSIP numbers, if any, of the Notes being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Notes or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Notes;

any other descriptive information needed to identify accurately the Notes being redeemed;

in the case of partial redemption of any Notes, the respective principal amounts thereof to be redeemed;

the redemption date;

the redemption price;

that on the redemption date the redemption price will become due and payable upon each such Note or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

the place where such Notes are to be presented and surrendered for payment of the redemption price, which place of payment shall be the Payment Office of the Paying Agent.

In addition, the Paying Agent shall at all reasonable times make available to any interested party complete information as to Notes which have been redeemed or called for redemption.

In addition to the foregoing notice, further notice of any redemption of Notes hereunder shall be given by the Paying Agent, at least two Business Days in advance of the mailed notice to Holders, by registered or certified mail or overnight delivery service to (i) the Rating Service and to *The Bond Buyer*, or their respective successors, if any, and to (ii) Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service", 55 Bond Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government", 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Report; and Standard and Poor's "Called Bond Record", 26 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services, as the City may designate in writing with respect to the Notes, or no such services, as the City may designate in a certificate of the City delivered to the Paying Agent. So long as the Notes or any portion thereof are held by DTC, the Paying Agent shall send each notice of redemption of the Notes to DTC at 711 Stewart Avenue, Garden City, New York, 11530, Attention: Call Notification Department (FAX: 516-227-4039) or at such other address as may be provided by DTC in writing to the Paying Agent from time to time. The foregoing notice of redemption shall be sent to DTC by legible facsimile transmission, certified or registered mail, overnight delivery service or another secure method which enables the Paying Agent subsequently to verify the transmission of such notice. Such further notice shall contain the information required in Subsection 5.02(a). Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Holders as prescribed in Subsection 5.02(a).

If at the time of mailing of notice of any optional redemption there shall not have been deposited moneys in the Sinking Fund available for payment pursuant to Subsection 4.03(b) sufficient to redeem all the Notes called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the redemption moneys in the Sinking Fund available for payment pursuant to Section 4.03 not later than 12:00 noon on the redemption date, in which case such notice shall be of no effect unless moneys are so deposited.

**Partial Redemption.** If fewer than all of the Notes of a series are to be redeemed, the selection of Notes or portions thereof to be redeemed shall be made by lot or by such other method as the Paying Agent deems fair and appropriate; provided that (i) any Pledged Notes shall be redeemed first, and (ii) if any Note is to be

redeemed in part, the principal portion to remain outstanding must be equal to \$100,000 or any whole multiple of \$5,000 in excess thereof. In the case of a partial redemption of Notes when Notes of denominations greater than \$100,000 are then outstanding, each \$100,000 unit (or unit of \$100,000 plus an integral multiple of \$5,000 in excess thereof, if applicable) of face value of principal thereof shall be treated as though it were a separate Note of the denomination of \$100,000. If it is determined that a portion, but not all, of the face value represented by a Note is to be called for redemption, then upon notice of redemption of the portion to be redeemed, the Holder of that Note shall, subject to Section 3.09, surrender the Note to the Paying Agent (a) for payment of the redemption price of the portion called for redemption (including without limitation the interest accrued to the date fixed for redemption and any premium) and (b) for issuance, without charge to the Holder thereof, of a new Note or Notes of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Note surrendered.

**Payment of Redeemed Notes.** If (a) unconditional notice of the redemption has been duly given or duly waived by the Holders of all Notes called for redemption or (b) conditional notice of redemption has been so given or waived and Available Moneys for such redemption have been duly deposited with the Paying Agent, then in either such case the Notes called for redemption shall be payable on the redemption date at the applicable redemption price. Payment of the redemption price together with accrued interest shall be made by the Paying Agent, out of revenues or other funds deposited for such purpose, to or upon the order of the Holders of the Notes called for redemption upon surrender of such Notes, except as otherwise provided in Section 3.09.

Upon the payment of the redemption price of Notes being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Notes being redeemed with the proceeds of such check or other transfer.

All moneys deposited in the Sinking Fund and held by the Paying Agent for the redemption of particular Notes shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Notes, except as otherwise provided in Section 3.09.

**Purchase on Demand of Holder During Weekly Mode. While the Notes are in the Weekly Mode, any Note (or portion thereof in an authorized denomination) shall be purchased on the demand of the Holder thereof on any Business Day designated by such Holder in a Noteholder Tender Notice at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Purchase Date, if there is delivered to the Paying Agent at its Designated Office, and to the Remarketing Agent at its Principal Office, a Noteholder Tender Notice which (i) states the principal amount (or portion thereof) of such Note and (ii) states the Purchase Date on which such Note (or portion thereof) shall be purchased pursuant to this Section, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent and the Remarketing Agent; provided that, in the case of a Note to be purchased in part, both the portion of the Note to be purchased and the portion which is not to be purchased must be in an authorized**

**denomination. By delivering the Noteholder Tender Notice, the Holder irrevocably agrees to deliver such Note, if not held in book-entry form, duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent, to the Delivery Office of the Paying Agent or any other address designated by the Paying Agent at or prior to 10:00 a.m. on the Purchase Date specified in the Noteholder Tender Notice. The determination by the Paying Agent of a Holder's compliance with the Noteholder Tender Notice and Note delivery requirements of this Section is in the sole discretion of the Paying Agent and binding on the City, the Remarketing Agent, the Bank and the Holder of the Notes. Any Noteholder Tender Notice which the Paying Agent determines is not in compliance with this Section shall be of no force or effect.**

So long as the Notes are registered to, and held in book-entry form by, DTC or its nominee, the beneficial owner of Notes is responsible for submitting the Noteholder Tender Notice and shall be treated as the Holder of such Notes for such purpose, and such notice need only be submitted to the Remarketing Agent.

Any election by a Holder to tender a Note (or portion thereof) for purchase on a Business Day in accordance with this Section shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder. Each Noteholder Tender Notice shall automatically constitute (i) an irrevocable offer to sell the Note (or portion thereof) to which such notice relates on the Purchase Date at a price equal to the purchase price of such Note (or portion thereof), (ii) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Note (or portion thereof) upon payment of the purchase price to the Paying Agent on the Purchase Date, (iii) with respect to a tender of a portion of a Note, an irrevocable authorization and instruction to the Paying Agent to effect the exchange of such Note in part for other Notes in a principal amount equal to the retained portion so as to facilitate the sale of the tendered portion of such Note, and (iv) an acknowledgment that such Holder will have no further rights with respect to such Note (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the Purchase Date, except for the right of such Holder to receive such purchase price upon surrender of such Note, if not held in book-entry form, to the Paying Agent endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent and that after the Purchase Date such Holder will hold such Note as agent for the Paying Agent. If the Notes are not held in book-entry form and, after delivery to the Paying Agent and the Remarketing Agent of a Noteholder Tender Notice in accordance with this Section, the Holder making such election shall fail to deliver such Note or Notes described in the Noteholder Tender Notice to the Paying Agent at its Delivery Office on or before 10:00 a.m. on the applicable Purchase Date as required by this Section, then the undelivered Note or portion thereof (the "Undelivered Note") described in such Noteholder Tender Notice shall be deemed to have been tendered for purchase to the Paying Agent and, to the extent that there shall be held by the Paying Agent on or before the applicable Purchase Date an amount sufficient to pay the purchase price thereof and available for such purpose pursuant to the terms of this Section, such Undelivered Note shall on such Purchase Date cease to bear interest and no longer shall be considered to be outstanding. Moneys held by the Paying Agent for the purchase of the Undelivered Notes in accordance with the provisions of this Section shall be held in a special separate trust account for the Holders of such Undelivered Notes. Such moneys shall be held by the Paying Agent uninvested and without liability for interest pending delivery of such Undelivered Notes to the Paying Agent.



The Paying Agent shall, as to any Undelivered Note, promptly place a stop transfer against an appropriate amount of Notes registered in the name of the Holder thereof on the Register. The Paying Agent shall place such stop transfer commencing with the lowest serial number Note registered in the name of such Holder (until stop transfers have been placed against an appropriate amount of Notes) until the appropriate tendered Notes are delivered to the Paying Agent. Upon such delivery, the Paying Agent shall make any necessary adjustments to the Register.

If the Notes are not held in book-entry form and if for any reason a Holder fails to deliver a tendered Note to the Paying Agent on the Purchase Date, the City shall execute and the Paying Agent shall authenticate and deliver in accordance with Section 5.06 a new Note or Notes in replacement of the Undelivered Note. The replacement of any such Undelivered Note shall not be deemed to create new indebtedness, but such Note as is issued in replacement shall be deemed to evidence the indebtedness previously evidenced by the Undelivered Note.

A Holder who gives a Noteholder Tender Notice may repurchase the Notes so tendered on the Purchase Date if the Remarketing Agent agrees to remarket such Note to such Holder, and if the Remarketing Agent agrees to remarket the specified Note to such Holder prior to delivery of such Notes as set forth above, the delivery requirement set forth above shall be waived.

Upon surrender of any Note (which is not held in book-entry form) for purchase in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the Holder thereof a new Note or Notes of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unpurchased portion of the Note surrendered.

On the date set for purchase of Notes to be purchased pursuant to this Section and upon receipt by the Paying Agent of 100% of the aggregate purchase price of such Notes, the Paying Agent shall pay the purchase price of such Notes to the selling Holders thereof at its Payment Office at or before 3:00 p.m.; provided that such Note (if not held in book-entry form) shall have been surrendered to the Paying Agent properly endorsed for transfer on such date with all signatures guaranteed at or prior to 10:00 a.m. on such Purchase Date. Such payment shall be made in immediately available funds and shall be made only with the following funds in the following order of availability:

**moneys held in the Remarketing Proceeds Purchase Account representing proceeds from the remarketing of such Notes by the Remarketing Agent to any Person other than the City;**

**moneys constituting Available Moneys held in the Sinking Fund and available to make such payment;**

**proceeds from a drawing on a Letter of Credit deposited directly into the Letter of Credit Purchase Account (provided that such proceeds shall not be applied to purchase Pledged Notes); and**

**payments made by the City pursuant to Section 4.03(a) of this Ordinance.**

No purchase of Notes pursuant to this Section shall be deemed to be a payment or a redemption of such Notes or any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness of such Notes.

**Mandatory Purchase on Conversion Date and at End of Term Rate Period; Upon Expiration of Letter of Credit; and Upon Issuance of Alternate Letter of Credit. The Notes of a series shall be subject to mandatory purchase at a purchase price**

**equal to the principal amount thereof plus, in the case of purchases on a Purchase Date which is not an Interest Payment Date, accrued interest thereon, as follows:**

**on each Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day succeeding such Conversion Date, and on the first Business Day immediately following the end of each Term Rate Period;**  
**while the Notes are in the Weekly Mode, on the Interest Payment Date next preceding by at least two Business Days the Expiration Date of the applicable Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the applicable Letter of Credit has been or will be extended; and**  
**on the Interest Payment Date on which an Alternate Letter of Credit is issued pursuant to Section 5.10.**

The Paying Agent shall cause notice of any mandatory purchase to be given not more than 45 and not less than 15 days prior to the Purchase Date, by mailing copies of such notice of mandatory purchase by first class mail, postage prepaid, to all Holders of Notes to be purchased at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any Note shall not affect the validity of the mandatory purchase of any other Note with respect to which notice was properly given. Each such notice shall be dated and shall be given in the name of the City and shall state the following information: (i) the identification numbers, as established under this Ordinance, and the CUSIP numbers, if any, of the Notes being purchased; (ii) any other descriptive information needed to identify accurately the Notes; (iii) the Purchase Date; (iv) the purchase price; (v) that on the Purchase Date the purchase price will become due and payable upon each Note; (vi) the place where the Notes are to be delivered for payment of the purchase price, which place of payment shall be the Delivery Office of the Paying Agent; and (vii) the Holders of Notes subject to mandatory purchase shall be required to deliver their Notes for purchase to the Paying Agent at its Delivery Office prior to 10:00 a.m. on the corresponding Purchase Date, and any Note not so delivered prior to 10:00 a.m. on the applicable Purchase Date (an "Undelivered Note") shall be deemed to have been tendered to the Paying Agent as of such Purchase Date and, from and after such Purchase Date, shall cease to bear interest and no longer shall be considered to be outstanding. In the event of a failure by a Holder to deliver such Holder's Note on or before the applicable Purchase Date, such Holder shall not be entitled to any payment (including any interest to accrue subsequent to such Purchase Date) other than the purchase price for such Undelivered Note, such Undelivered Note shall no longer be entitled to the benefits of this Ordinance, except for the purpose of payment of the purchase price therefor, and such Holder shall thereafter hold such Undelivered Note as agent for the Paying Agent. If for any reason a Holder fails to deliver to the Paying Agent on or before the applicable Purchase Date any Note remarketed by the Remarketing Agent pursuant to Section 5.06, the City shall execute and the Paying Agent shall authenticate and deliver to the Remarketing Agent for redelivery to the purchaser a new Note or Notes in replacement of the Undelivered Note. The replacement of any such Undelivered Note shall not be deemed to create new indebtedness, but such Note as is issued in replacement shall be deemed to evidence the indebtedness previously evidenced by the Undelivered Note.

On the date set for purchase of Notes to be purchased pursuant to this Section 5.04 and upon receipt by the Paying Agent of 100% of the aggregate purchase price of such Notes, the Paying Agent shall pay the purchase price of such Notes to the selling Holders thereof at its Delivery Office at or before 3:00 p.m.; provided that such Notes shall have been surrendered to the Paying Agent properly endorsed for transfer on such date with all signatures guaranteed at or

prior to 10:00 a.m. on such date. Such payment shall be made in immediately available funds and payment for Notes purchased pursuant to this Section shall be made only with the following funds in the following order of availability:

**moneys held in the Remarketing Proceeds Purchase Account representing proceeds from the remarketing of such Notes by the Remarketing Agent to any Person other than the City;**

**moneys constituting Available Moneys held in the Sinking Fund and available to make such payment;**

**proceeds from a drawing on a Letter of Credit deposited directly into the Letter of Credit Purchase Account (provided that such proceeds shall not be applied to purchase Pledged Notes); and**

**payments made by the City pursuant to Section 4.03(a) of this Ordinance.**

No purchase of Notes pursuant to this Section shall be deemed to be a payment or a redemption of such Notes or any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness of such Notes.

[Reserved].

**Remarketing. Upon delivery of a Noteholder Tender Notice to the Paying Agent and the Remarketing Agent (or to the Remarketing Agent only in the case of Notes held in book-entry form) pursuant to Section 5.03 and not later than the fifth day preceding the Purchase Date for each mandatory purchase pursuant to Section 5.04, the Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale of the Notes identified in the Noteholder Tender Notice pursuant to Section 5.03 or all Notes subject to mandatory purchase pursuant to Section 5.04 (other than any Notes purchased in anticipation of the expiration of a Letter of Credit or at the direction of the Bank), at a price equal to the principal amount thereof plus, in the case of purchases on a Purchase Date which is not an Interest Payment Date, accrued interest thereon, for settlement in immediately available funds at or before 10:30 a.m. on the applicable Purchase Date. Except as otherwise expressly provided herein, the Remarketing Agent may not remarket to the City any Notes to be purchased pursuant to Section 5.03 or 5.04. In its capacity as a registered broker-dealer, the Remarketing Agent may, but is not obligated to, acquire for its own account any Notes to be so purchased, but not otherwise remarketed, in which case the Remarketing Agent shall have remarketed such Notes to itself. The Remarketing Agent may purchase and sell Notes for its own account at any time.**

At or before 2:00 p.m. on the Business Day preceding the Purchase Date of Notes to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section (or such other time as to which the Paying Agent and the Remarketing Agent may agree), the Remarketing Agent shall give notice by telegram, telex, telecopy or other similar communication to the Paying Agent of the names, addresses and taxpayer identification numbers of the purchasers and the denominations of Notes to be delivered to each purchaser and, if available, the payment instructions for regularly scheduled interest payments.

The Remarketing Agent shall, at or before 10:30 a.m. on the Purchase Date of Notes to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section,

give telephonic notice, promptly confirmed in writing, to the Paying Agent, the City and the Bank specifying the principal amount of Notes remarketed and not remarketed, respectively, and the amount representing the purchase price of Notes which the Remarketing Agent does not then hold in trust.

The Remarketing Agent shall cause to be paid to the Paying Agent in immediately available funds by 1:00 p.m. on the Purchase Date of Notes to be purchased pursuant to Section 5.03 or 5.04 and remarketed pursuant to this Section, all amounts (if any) then held by the Remarketing Agent representing proceeds of the remarketing of such Notes. All such remarketing proceeds received by the Paying Agent shall be deposited by the Paying Agent in the special trust account designated as the Remarketing Proceeds Purchase Account which the Paying Agent shall establish and use as provided in this Article V and shall not be commingled with other funds held by the Paying Agent. All moneys in the Remarketing Proceeds Purchase Account shall be held in trust, uninvested and without liability for interest thereon, pending application of such moneys by the Paying Agent pursuant to this Article.

On the Purchase Date of Notes to be purchased pursuant to Sections 5.03 or 5.04, the Paying Agent shall register (or hold) all Notes purchased on such date as follows:

**Notes remarketed by the Remarketing Agent shall be registered and made available (at the Delivery Office of the Paying Agent) to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent delivered to the Paying Agent pursuant to this Section 5.06, provided that the provisions of this clause (a) shall not apply to Notes purchased pursuant to Section 5.03 which are held in book-entry form; and Notes purchased with proceeds of a drawing on a Letter of Credit which are Pledged Notes shall be held as Pledged Notes in accordance with Section 5.08.**

Any Note (or portion thereof) with respect to which the Paying Agent receives a Noteholder Tender Notice pursuant to Section 5.03 on or after the date notice of a mandatory purchase pursuant to Section 5.04 or redemption pursuant to Section 5.02 is given and before the corresponding mandatory Purchase Date or redemption date, respectively, shall not be remarketed except to a buyer who receives and acknowledges the binding effect of such notice. Notes purchased on or after the date notice of mandatory purchase is given and before the corresponding mandatory Purchase Date and not remarketed, shall not be subject to mandatory purchase, but shall remain outstanding. In addition, Notes which are defeased and deemed paid pursuant to the Act shall not be remarketed but shall be canceled upon being purchased pursuant to Section 5.03 or 5.04 in accordance with the Note cancellation provisions of Section 3.05.

Anything in this Ordinance to the contrary notwithstanding, the Remarketing Agent shall have no obligation (i) to remarket any Notes which are not supported by a Letter of Credit or an Alternate Letter of Credit as contemplated by this Ordinance or (ii) to determine Term Rates or to find purchasers for and arrange for the sale of the Notes on or after a Conversion Date or to make any effort to such end, except to the extent the Remarketing Agent shall have expressly and specifically agreed in writing with the City to perform such duties.

**Drawings on Letter of Credit for Purchase of Notes. As provided by Section 5.06, the Remarketing Agent shall advise the Paying Agent of the amounts not held by the Remarketing Agent which shall be drawn under a Letter of Credit in order for the Paying Agent to make timely payments of purchase price of Notes from remarketing proceeds or moneys drawn under the applicable Letter of Credit. In**

the absence of such notice, the Paying Agent shall be deemed to have received notice from the Remarketing Agent specifying that no portion of the purchase price of such Notes is held by the Remarketing Agent, in which case the Paying Agent shall draw the entire amount thereof under the applicable Letter of Credit. Prior to 11:00 a.m. on each Purchase Date, the Paying Agent shall take all action necessary to draw on the applicable Letter of Credit in accordance with its terms, the amounts specified (or deemed specified) for receipt by the Paying Agent on such Purchase Date. The Paying Agent shall establish a special trust account designated as the Letter of Credit Purchase Account into which the Paying Agent shall deposit and hold in trust, uninvested and without liability for interest thereon, all such amounts (and only such amounts) received by the Paying Agent from drawings on the applicable Letter of Credit for purchases of Notes pending application of such amounts by the Paying Agent pursuant to this Article V. Any remaining amounts in the Letter of Credit Purchase Account after any application required by this Article V shall be paid over by the Paying Agent to the Bank as reimbursement for the drawing on a Letter of Credit from which such amounts were derived; provided that the applicable Letter of Credit shall be reinstated to the extent of such reimbursement and the Paying Agent shall take all necessary action on its part pursuant to the applicable Letter of Credit to effect such reinstatement. Anything herein to the contrary notwithstanding, no amounts drawn on a Letter of Credit shall be applied to the purchase of Pledged Notes.

Any moneys paid by the City pursuant to Section 4.03(a) of this Ordinance for purchase of Notes tendered for purchase pursuant to this Ordinance shall be deposited by the Paying Agent in a special trust account designated as the City Purchase Account which the Paying Agent shall establish and use to (i) reimburse the Bank for drawings under a Letter of Credit for such purpose or (ii) if moneys derived from a drawing under a Letter of Credit are insufficient to pay such purchase price, pay the purchase price of such Notes.

Notes Purchased with Proceeds of Letter of Credit.

**Pledged Notes.** Notes purchased with proceeds of a drawing on a Letter of Credit pursuant to this Article shall constitute "Pledged Notes" and shall be held by the Paying Agent as agent for the Bank as pledgee of the City pursuant to the Reimbursement Agreement (and shall be shown as such on the Register and, if held in book-entry form, in the ownership records maintained by DTC and any applicable DTC participant) unless and until (1) the Paying Agent has confirmation from the Bank to the extent contemplated by the terms of the applicable Letter of Credit that such Letter of Credit has been reinstated with respect to such drawing and (2) the Bank has notified the Paying Agent by telephone (thereafter promptly confirmed in writing) that such Notes have been released from the pledge pursuant to the Reimbursement Agreement and are no longer Pledged Notes. Pending reinstatement of a Letter of Credit and release of such pledge as aforesaid, the Bank shall be entitled to receive all payments of principal of and interest on Pledged Notes at the rate set forth in the Reimbursement Agreement as pledgee of the City and such Notes shall not be transferable or deliverable to any party (including the City) except the Bank pursuant to the Reimbursement Agreement.

**Remarketing of Pledged Notes.** The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Pledged Notes required to be remarketed pursuant to Section 5.06, subject to full reinstatement of the applicable Letter of Credit with respect to the drawings with which such Notes were purchased, at a price equal to the principal amount thereof plus accrued interest.

**Notice of Remarketing.** At or prior to 2:00 p.m. on the Business Day preceding each day on which any Pledged Notes that are successfully remarketed by the Remarketing Agent are to be purchased, the Remarketing Agent shall give telephonic notice, promptly confirmed in writing, to the Paying Agent, the City and the Bank specifying:

the Business Day on which such purchase will take place and the principal amount of Pledged Notes successfully remarketed by the Remarketing Agent, and

to the Paying Agent only, the names, addresses and tax identification numbers of the proposed purchasers thereof and the denominations of Notes to be delivered to each purchaser and, if available, the payment instructions for regularly scheduled interest payments.

**Delivery of Remarketed Pledged Notes and Proceeds Thereof.**

Contemporaneously with reinstatement of a Letter of Credit as described in Subsection 5.08(a) and the sale of Pledged Notes arranged by the Remarketing Agent as described in Subsection 5.08(b), (i) such Notes (if not held in book-entry form) shall be made available (at the Delivery Office of the Paying Agent) to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent and (ii) the proceeds of such sale shall be delivered to the Bank for the account of the City to be applied to any unpaid reimbursement obligation under the Reimbursement Agreement with respect to the prior drawings made on the applicable Letter of Credit in respect of the purchase of such Notes.

*Inadequate Funds for Purchases. If the funds available for purchases of Notes are inadequate for the purchase of all Notes tendered on any Purchase Date pursuant to this Section 5, the Paying Agent shall, after any applicable grace period: (a) return all tendered Notes to the Holders thereof; and (b) return all moneys received for the purchase of such Notes (other than moneys provided by the City and other than Letter of Credit proceeds, unless the applicable Letter of Credit is reinstated with respect thereto) to the Persons providing such moneys; provided that the Holders shall retain all rights to tender Notes pursuant to the terms of this Section 5.*

*Letters of Credit.*

**Extension or Replacement in Anticipation of Expiration.** At least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the Interest Payment Date next preceding the Expiration Date of the current Letter of Credit of a series, the City may provide for the delivery to the Paying Agent of (1) an amendment to such Letter of Credit which extends the Expiration Date to a date that is not earlier than six months from its then current Expiration Date and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days or (2) if the Notes are in a Weekly Mode or if the Interest Payment Date next preceding the Expiration Date of the current Letter of Credit of a series is a Term Rate Period End Interest Payment Date, an Alternate Letter of Credit issued by a national banking association, a bank, a trust company or other financial institution or credit provider, which shall have terms which are the same in all material respects (except the Expiration Date and except any changes pursuant to this Ordinance with respect to interest or premium coverage in connection with a concurrent interest rate reset or conversion) as the current Letter of Credit of a series and which shall have an Expiration Date that is not earlier than one year from the Expiration Date of the Letter of Credit of a series then in effect and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days. The City shall be deemed to have provided for such amendment extending the Letter of Credit of a series or for such Alternate Letter of Credit if the City shall have delivered to the Paying Agent, in form satisfactory to the Paying Agent, a commitment from the Bank or the proposed provider of the Alternate Letter of Credit to deliver such amendment or Alternate Letter of Credit on or before the Interest Payment Date next preceding the current Expiration Date of the Letter of Credit of a series; provided that if such amendment or Alternate Letter of Credit is not delivered to the Paying Agent on or before such Interest Payment Date, an event of default shall be deemed to have occurred hereunder.

Any such amended Letter of Credit or Alternate Letter of Credit shall provide for drawings to pay up to (i) while the Notes are in the Weekly Mode, an amount equal to the principal amount of the outstanding Notes, plus [43] days interest thereon computed at 12% per annum based on a 365-day year, and (ii) while the Notes are in a Term Mode, an amount equal to the principal amount of the outstanding Notes, plus 200 days interest thereon at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months), plus an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Notes upon mandatory redemption if such amended Letter of Credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein.

The Paying Agent shall not accept an Alternate Letter of Credit under this Subsection unless there shall have been delivered to the Paying Agent an opinion of counsel to the Bank satisfactory to the Paying Agent with respect to the validity, binding effect and enforceability of such Alternate Letter of Credit.

If the Letter of Credit of a series is extended as described above, the mandatory redemption pursuant to Subsection 5.01(d), or the mandatory purchase pursuant to Section 5.04(b), shall not occur. If an Alternate Letter of Credit is delivered, the Notes will be subject to mandatory purchase pursuant to Section 5.04(c). Unless all of the conditions of this Subsection which are required to be met 45 days (or such shorter period as shall be acceptable to the Paying Agent) preceding the Interest Payment Date next preceding the Expiration Date of the Letter of Credit of a series have been satisfied, the Paying Agent shall take all action necessary to call the Notes for mandatory redemption pursuant to Section 5.01(d), or mandatory purchase pursuant to clause (b) of Section 5.04, as applicable, on the Interest Payment Date next preceding such Expiration Date; provided that if the City shall have notified the Paying Agent in writing that it expects to meet all the conditions for the delivery of an amendment extending the existing Letter of Credit of a series on or before the Interest Payment Date next preceding the Expiration Date of the existing Letter of Credit of a series, then the notice of mandatory redemption pursuant to Subsection 5.01(d), or mandatory purchase pursuant to clause (b) of Section 5.04, shall state that it is subject to rescission, and the Paying Agent shall rescind such notice, if such conditions are so met (in which case such mandatory redemption or mandatory purchase shall not occur).

The provisions of this Subsection with respect to the substitution of an Alternate Letter of Credit in the event that the Expiration Date of the Letter of Credit of a series is not extended shall apply equally to the substitution of another Alternate Letter of Credit in the event that the Expiration Date of an existing Alternate Letter of Credit is not extended.

**Other Replacement.** The delivery of an Alternate Letter of Credit in anticipation of the expiration of the current Letter of Credit of a series shall be governed by Subsection 5.10(a). In addition, except as provided in the following sentence, the City may at any time provide for the delivery to the Paying Agent of an Alternate Letter of Credit which shall have terms which are the same in all material respects (except as to Expiration Date and except any changes pursuant to this Ordinance with respect to interest or premium coverage in connection with a concurrent interest rate reset or conversion) as the current Letter of Credit of a series. Notwithstanding the foregoing, if the Notes are in a Term Mode, an Alternate Letter of Credit may be substituted for the then current Letter of Credit of a series only on a Term Rate Period End Interest Payment Date. Any Alternate Letter of Credit delivered pursuant to this paragraph (b) shall (1) replace the then existing Letter of Credit of a series on an Interest Payment Date, (2) have an Expiration Date that is not less than one year from the date of its delivery and not sooner than the Expiration Date of the current Letter of Credit of a series then in effect and that follows an Interest Payment Date by not less than two Business Days and not more than 15 calendar days, (3) be issued by a national banking association, a bank, a trust company or other financial institution or credit provider, and (4) be accompanied by an opinion of counsel to the Bank with respect to the validity, binding effect and enforceability of such Alternate Letter of Credit. The City shall deliver to the Paying Agent at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the proposed replacement of a Letter of Credit of a series, the Alternate Letter of Credit or a



**commitment, in form satisfactory to the Paying Agent, from the Bank to deliver such Alternate Letter of Credit on the effective date thereof, together with the opinions referred to above.**

Any Alternate Letter of Credit shall provide for drawings to pay up to (i) while the Notes are in the Weekly Mode, an amount equal to the principal amount of the outstanding Notes, plus [43] days interest thereon computed at 12% per annum based on a 365-day year, and (ii) while the Notes are in a Term Mode, an amount equal to the principal amount of the outstanding Notes, plus 200 days interest thereon at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months) plus an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Notes upon mandatory redemption if such irrevocable letter of credit or Alternate Letter of Credit were not extended beyond the Expiration Date set forth therein. The Paying Agent shall take all action necessary to call the Notes for mandatory purchase pursuant to Section 5.04(c) in connection with the delivery of an Alternate Letter of Credit.

If the requirements set forth in this Subsection are met, then the Paying Agent shall accept such Alternate Letter of Credit and promptly surrender for cancellation the previously held Letter of Credit of a series to the issuer thereof in accordance with the terms of such Letter of Credit; provided, however, that such Letter of Credit shall not be so surrendered until after the Paying Agent has drawn upon such Letter of Credit with respect to any amount necessary to pay principal of or interest on the Notes then due and the purchase price of Notes subject to mandatory purchase pursuant to Section 5.04(c), and any amounts so drawn have been received by the Paying Agent.

**Reduction.** In each case that Notes are redeemed or defeased and deemed to have been paid pursuant to the Act, the Paying Agent shall take such action as may be permitted under the Letter of Credit of a series to reduce the amount available thereunder to an amount equal to the principal amount of the outstanding Notes, plus (i) while the Notes are in the Weekly Mode, [43] days interest on such principal amount computed at 12% per annum based on a 365-day year, and (ii) while the Notes are in Term Mode, 200 days interest on such principal amount computed at a rate not less than the applicable Term Rate based on a 360-day year (consisting of twelve 30-day months); provided that such action by the Paying Agent shall not be required if the Letter of Credit of a series so reduces automatically pursuant to its terms.

**Substitution by Bank.** Upon reduction of the amount available under a Letter of Credit pursuant to the terms of such Letter of Credit and Subsection 5.10(c) as a result of redemption of Notes, the Bank shall have the right, at its option, to require the Paying Agent to promptly surrender the outstanding Letter of Credit of a series to the Bank and to accept in substitution therefor a substitute Letter of Credit in the same form, dated the date of such substitution, for an amount equal to the amount available under the Letter of Credit of a series as so reduced, but otherwise having terms identical to the then outstanding Letter of Credit of a series.

**Other Credit Enhancement; No Credit Enhancement.** *After a mandatory purchase of the Notes pursuant to clause (b) of Section 5.04, nothing in this Section 5 shall limit the City's right to provide other credit enhancement (such as a letter of credit not meeting the requirements of this Section or bond insurance) or no credit enhancement as security for the Notes; provided that any such credit enhancement shall have administrative provisions reasonably satisfactory to the*

**Paying Agent.**

**Reimbursement Agreement and Payment Agreement Authorized. The City, simultaneously with the issuance and delivery of the Notes to the Purchaser, shall cause the Paying Agent to enter into the Payment Agreement and shall enter into the Reimbursement Agreement with the Bank.**

The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the City Clerk are hereby authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Reimbursement Agreement and the Payment Agreement in such form or with such changes therein as shall be satisfactory to the special counsel to the City and approved by the officers executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Reimbursement Agreement and the Payment Agreement.

The proper officers of the City are hereby authorized to do, to take and to authorize all acts and things necessary on the part of the City to fulfill its obligations under the terms of the Reimbursement Agreement and the Payment Agreement, including without limiting the generality of the foregoing, payment of fees and expenses of the Bank required to be paid by the City under the terms thereof.

**THE REMARKETING AGENT**

**The Remarketing Agent. The City hereby appoints Wachovia Bank, National Association, as the initial remarketing agent for the Notes. Such Remarketing Agent and each successor Remarketing Agent appointed by the City shall specify its Designated Office and signify its acceptance of the duties and obligations imposed upon it as described herein by execution and delivery of the Remarketing Agreement or, in connection with the appointment of a successor Remarketing Agent, a written instrument delivered to the City and the Paying Agent under which the Remarketing Agent will agree, particularly:**

**to hold all money delivered to it for the purchase of Notes in trust for the exclusive benefit of the Person or Persons that shall have so delivered such money until the Notes purchased with such money shall have been delivered to or for the account of such Person or Persons;**  
**to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Paying Agent and the Bank at all reasonable times;**  
**to determine the Weekly Rate or the Term Rate when and as required herein and give notice of such rate to the Persons and in the manner required by herein;**  
**subject to any conditions set forth in the instrument by which it assumes the duties of the Remarketing Agent, to offer for sale, and use its best efforts to find purchasers for, the Notes tendered for purchase, Pledged Notes, Notes theretofore purchased by the City (and not tendered to the Paying Agent in lieu of any mandatory sinking fund redemption), and Notes which have been or are about to be converted to the Term Rate, any such sale to be made in accordance with the terms of this Ordinance; and**  
**to deliver to the Paying Agent all Notes issued in certificated form (if any) received by it which are tendered for purchase in accordance with the terms of this Ordinance.**

In the event that the Remarketing Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under control of any state or

federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed its successor as Remarketing Agent, the Paying Agent shall use its best efforts to appoint an interim successor to be such Remarketing Agent for all purposes of this Ordinance until the appointment by the City of a successor Remarketing Agent.

**Remarketing Agreement Authorized. Simultaneously with the issuance and delivery of the Notes to the Purchaser, the City shall enter into the Remarketing Agreement with the Remarketing Agent.**

The Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, and the City Clerk of the City are hereby authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Remarketing Agreement in such form or with such changes therein as shall be satisfactory to special counsel to the City and approved by the officers of the City executing the same. Such approval of such officers shall be conclusively presumed to have been given by their execution of the Remarketing Agreement.

The proper officers of the City are hereby authorized to do, to take and to authorize all acts and things necessary on the part of the City to fulfill its obligations under the terms of the Remarketing Agreement, including without limiting the generality of the foregoing, payment of fees and expenses of the Remarketing Agent required to be paid by the City under the terms thereof.

Remarketing Agent Qualifications, Resignation and Removal.

The Remarketing Agent must be authorized by law to perform all the duties imposed upon it.

Except as provided in the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations described hereunder by giving at least thirty (30) days' written notice to the City, the Paying Agent, the Bank and the Rating Service, provided that such resignation shall not take effect until the appointment of a successor Remarketing Agent. As set forth in the Remarketing Agreement, the Remarketing Agent may also resign or cease remarketing upon the occurrence of certain events.

The Remarketing Agent may be removed at any time by the City by giving at least ten (10) days' written notice to the Remarketing Agent, the Bank, the Paying Agent and the Rating Service so long as a successor Remarketing Agent shall have assumed the duties thereof.

Successor Remarketing Agents may be appointed from time to time by the City with the prior written consent of the Bank. Any successor Remarketing Agreement shall be subject to the prior written approval of the Bank, which consent shall not be unreasonably withheld.

If the Remarketing Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed a successor as Remarketing Agent, the Paying Agent shall use its best efforts to appoint an interim successor to be such Remarketing Agent for all purposes of this Ordinance until the appointment by the City of a successor Remarketing Agent.

The Remarketing Agent may in good faith purchase, hold, sell, underwrite or deal in any bonds, notes or other evidences of indebtedness issued by the City, including Notes; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City; or enter into any commercial or business arrangement with the City; all without any liability on the part of the Remarketing Agent for any real or apparent conflict of interest by reason of any such actions.

CONTINUING DISCLOSURE; MISCELLANEOUS

Continuing Disclosure. If applicable, the City shall enter into, and hereby authorizes and directs the Mayor of the City, or any other proper officer or officers of the City, or, if applicable, their duly qualified respective successors, to execute a Continuing Disclosure Certificate (the "Certificate") on behalf of the City on or before the date of issuance and delivery of the Notes to the Purchaser. Such Certificate shall be executed and delivered to satisfy the terms and conditions of the accepted Proposal for purchase of the Notes and Securities and Exchange Commission Rule 15c2-12.

The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Certificate. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Certificate shall not be considered an event of default with respect to the Notes; however, any Holder of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and such Certificate.

**Notices.** Any notice to or demand upon any party may be made, and shall be deemed to have been sufficiently given, if served or presented at or sent by registered or certified United States mail, fax, hand delivery or overnight courier addressed as follows (or in each case to such other addresses as may be filed in writing with the Paying Agent):

To the Paying Agent:

U.S. Bank National Association  
Two Liberty Place  
50 South 16th Street - Suite 2000  
Philadelphia, PA 19102  
Attention: Corporate Trust Administration  
Telephone: (215) 761-9315  
Fax: (215) 761-9412

To the Remarketing Agent:

Wachovia Bank, National Association  
  
301 South College Street, 8th Floor (NC0600)  
Charlotte, NC 28288  
Attention: Remarketing Desk  
Telephone: (704) 383-6452  
Fax: (704) \_\_\_\_-\_\_\_\_

To the City:

City of Reading  
815 Washington Street  
Reading, Pennsylvania 19601  
Attention: Managing Director  
Telephone: (610) 655-6222  
Fax: (610) 655-6371

To the Bank:

See Reimbursement Agreement for Address, Telephone number  
and  
Facsimile number for Bank

To the Rating Service:

Standard & Poor's Rating Services  
55 Water Street, 38th Floor  
New York, New York 10014  
Attention: Municipal Structured Group - Surveillance  
Telephone: (212) 438-2103  
Fax: (212) 438-2152

OR

Moody's Investors Service  
99 Church Street, 9<sup>th</sup> Floor  
New York, New York 10007  
Attention : Structured Finance Group  
Telephone: (212) 553-3747  
Fax: (212) 553-4090

**The Paying Agent shall deliver to each Rating Service, the following notice prior to the effectiveness of any actions with respect to which such notices are being delivered:**

**Notice as to the resignation or replacement of the Paying Agent or the Remarketing Agent.**

**Notice of the amendment, expiration, termination, replacement or extension of a Letter of Credit upon its receipt of notice thereof.**

**Notice of redemption or mandatory tender of any Notes.**

**Notice of any amendment to this Ordinance or the Reimbursement Agreement of which the Paying Agent becomes aware.**

**Notice of any conversion of the interest rate on the Notes to the Term Rate.**

**Designated, Offices. The Designated Offices of the Paying Agent, the Remarketing Agent and the Bank shall be those offices located at the addresses set forth in Section 7.02(a) hereof. Each such Person may change its Designated Office by written notice to each of the other Persons named in Section 7.02(a) hereof, provided, however, that the Paying Agent may not change its Designated Office to a place outside the Commonwealth, but may provide that the Notes shall be payable at more than one place, so long as at least one such place shall be located within the Commonwealth, as required by 53 Pa. C.S. §8145.**

The Paying Agent shall give prompt written notice of any change of its Designated Office or of the Designated Office of the Remarketing Agent to the Holders of the Notes.

**Mandatory Provisions of Act. This Ordinance is adopted pursuant to the Act and the laws and the Constitution of the Commonwealth of Pennsylvania, and the City hereby determines and declares that each and every matter and thing provided for herein is necessary and desirable to carry out and effect the public purposes of the City in accordance with such laws. All of the mandatory provisions of the Act shall apply hereunder whether or not explicitly stated herein and are specifically incorporated herein by reference.**

**Contractual Obligation. In consideration of the purchase and acceptance of the Notes authorized to be issued hereunder by those who shall purchase the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Notes; and the covenants and agreements herein set forth to be performed on behalf of the**

City shall be for the benefit, protection and security of the Holders from time to time of the Notes. If the City shall default in the performance of any of its obligations hereunder, under the Notes or under the Act, the holders or registered owners of the Notes shall be entitled to all of the rights and remedies provided by the Act in the event of such default.

Severability. In the event that any one or more of the provisions contained in this Ordinance or in the Notes issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of the Notes, and this Ordinance or the Notes shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

Supplemental Ordinances. The City may, from time to time and at any time, adopt a supplemental Ordinance (a) to cure any ambiguity, formal defect or omission in this Ordinance or in any supplemental Ordinance; (b) to grant to and confer upon the holders from time to time of the Notes any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon same; (c) to evidence the appointment of a new Paying Agent or a new Remarketing Agent; (d) to provide for an Alternate Letter of Credit or any other credit enhancement permitted by the terms of this Ordinance; (e) to make any amendments required to secure a rating on the Notes from a Rating Service equal to the rating of the Bank's unsecured indebtedness; (f) to implement a conversion to a Term Mode Rate; or (g) to permit any other amendment which is not materially adverse to the interests of the Paying Agent or the Holders.

Amendment of Letter of Credit. If the Bank proposes to amend the Letter of Credit of a series, the Paying Agent may consent thereto, provided that (a) if such proposal would amend the Letter of Credit of a series in such a way as would materially adversely affect the interests of the Holders, the Paying Agent shall notify the Holders and the Rating Service (if the Notes are then rated by a Rating Service) of the proposed amendment and may consent thereto only with (i) the prior written consent of Holders of a majority in aggregate principal amount of the Notes then outstanding and (ii) the confirmation by such Rating Service that such amendment will not result in a withdrawal or reduction of its rating of the Notes, and (b) the Paying Agent shall not, without the unanimous consent of all Holders, consent to any amendment materially adversely affecting the interests of the Holders which would decrease or delay the amounts payable under the Letter of Credit of a series in respect of outstanding Notes on any Interest Payment Date or on any date of redemption, payment at maturity or purchase of the Notes, or advance the Expiration Date of a Letter of Credit to an earlier date. No consent of the Holders shall be required for amendments to a Letter of Credit which are provided for or contemplated by this Ordinance.

Exclusive Rights. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon, or to give any person, firm or corporation

other than the City, its agents, the Bank and the Holders from time to time of the Notes any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements contained in this Ordinance are and shall be for the sole and exclusive benefit of the City, its agents, the Bank and the Holders of the Notes.

Appointments. The City hereby appoints and engages Stevens & Lee, a professional corporation, Reading, Pennsylvania, to act as Bond Counsel and Financial Solutions, LLC, Reading, Pennsylvania, to act as Financial Advisor to the City, in connection with the Project and the issuance of the Notes.

Effectiveness of Ordinance. The award of the Notes at Section 2.07 hereof shall be effective immediately as required by Section 8107 of the Act and the balance of this Ordinance shall become effective in accordance with, and on the earliest date permitted by, the Act.

Repeal of Inconsistent Ordinances. All Ordinances or parts thereof inconsistent herewith are hereby repealed, rescinded, cancelled and annulled.

Governing Law. The laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Ordinance.

Time of Day. In this Ordinance and in the Notes, all references to any time of day shall refer to Eastern Standard Time or Eastern Daylight Savings Time as in effect in the City of New York, New York, on such day, unless otherwise specified.

DULY ENACTED, THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2008, BY THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

CITY OF READING  
PENNSYLVANIA

(SEAL)

\_\_\_\_\_  
President, City Council

Attest:

\_\_\_\_\_  
City Clerk



SCHEDULE 1  
2006 BONDS TO BE REFUNDED

EXHIBIT A  
[FORM OF NOTE]

No. VRD-1

\*\*\*\$\_\_\_\_\_\*\*\*

CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

FEDERALLY-TAXABLE GENERAL OBLIGATION  
VARIABLE RATE DEMAND NOTE,  
SERIES [C][D] OF 2008

<u>SERIES</u>	<u>ISSUE DATE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
	December __, 2004	Weekly Rate	_____, 20__	

Registered Owner:       Cede & Co.

Principal Amount:       \$\_\_\_\_\_

City of Reading, Berks County, Pennsylvania (the "City"), a City existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, promises to pay to the order of Cede & Co., or registered assigns, on the Maturity Date stated hereon, upon surrender hereof, the principal sum of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_), unless this Federally-Taxable General Obligation Variable Rate Demand Note, Series [C][D] of 2008 (the "Note"), duly shall have been called for earlier redemption and payment of the redemption price shall have been made or provided for, and to pay interest on said principal sum, at the Interest Rate set forth above which, if not a fixed, numerical rate, shall be determined as provided in this Note and in the Ordinance (herein defined), until the principal sum hereof is paid or provision for payment thereof has been made as provided in such Ordinance. Interest on this Note is payable from the Interest Payment Date (herein defined) next preceding the date of registration and authentication of this Note, unless: (a) this Note is registered and authenticated as of a Interest Payment Date, in which event this Note shall bear interest from such Interest Payment Date; or (b) this Note is registered and authenticated after a Regular Record Date (herein defined) and before the next succeeding Interest Payment Date, in which event this Note shall bear interest from such Interest Payment Date; or (c) this Note is registered and authenticated on or prior to the Regular Record Date (herein defined) next preceding the first Interest Payment Date, in which event this Note shall bear interest from the Series Issue Date set forth above; or (d) as shown by the records of the Paying Agent (hereinafter defined), interest on this Note shall be in default, in which event this Note shall bear interest from the date to which interest was last paid on this Note.

If this Note bears interest at a Weekly Rate (as hereinafter defined), this Note shall be purchased on demand of the person in whose name ownership of this Note is registered on the registration books maintained by the Paying Agent (the "Holder"), upon the terms and conditions hereinafter described.

The principal of and premium, if any, on this Note, are payable upon presentation and surrender of this Note to U.S. Bank National Association (the "Paying Agent"), as paying agent and tender agent for the Notes, at its corporate trust office in Philadelphia, Pennsylvania, or to any successor paying agent or tender agent duly appointed by the City, at its Designated Office, as that phrase is defined in the Ordinance.

The interest on this Note is payable on each Interest Payment Date by: (i) check drawn on the Paying Agent and mailed to the Holder of this Note, at the address of such Holder appearing on the registration books maintained by the Paying Agent, or (ii) wire transfer to a bank account of such Holder in the United States, if such Holder is Depository Trust Company or its nominee or a successor securities depository or if such Holder is the registered owner of Notes (hereinafter defined) in an aggregate principal amount of \$1,000,000 or more and shall have made a written request for wire payment of interest to the Paying Agent at least fifteen (15) days prior to the Interest Payment Date. Payment of the interest hereon shall be made to the person in whose name ownership of this Note is registered on the registration books maintained by the Paying Agent on behalf of the City at the close of business on (i) if this Note bears interest at a Weekly Rate, the last Business Day (as herein defined) preceding a Interest Payment Date, or (ii) if this Note bears interest at a Term Rate (hereinafter defined), the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date (each, the "Regular Record Date"). Any interest that is not timely paid or duly provided for shall cease to be payable to the person in whose name ownership of this Note is registered as of the Regular Record Date, and shall be payable to the person in whose name this Note is registered at the close of business on a special record date for the payment of such overdue interest (the "Special Record Date") established by notice mailed by the Paying Agent on behalf of the City not less than fifteen (15) days preceding such Special Record Date and not less than twenty (20) days, but not more than thirty (30) days, prior to date designated for the payment of such interest.

The principal of, premium, if any, and interest on this Note shall be payable in lawful money of the United States of America.

This Note is one of a series of notes of the City, known generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Variable Rate Demand Notes, Series [C][D] of 2008" (the "Notes"), in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_). The Notes have been authorized for issuance in accordance with provisions of the Local Government Unit Debt Act (the "Act") of the Commonwealth, and by virtue of a Ordinance duly adopted on August 11, 2008 (the "Ordinance") by the City. The Act, as such shall have been in effect when the Notes were authorized, and the Ordinance shall constitute a contract between the City and registered owners, from time to time, of the Notes.

In the Ordinance, the City has covenanted with registered owners, from time to time, of the Notes that shall be outstanding, from time to time, that the City: (i) shall include the amount of the debt service for the Notes, for each fiscal year of the City in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or from any other of its revenues or funds, the principal of each of the Notes and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof, and, for such

budgeting, appropriation and payment, the City has pledged and does pledge, irrevocably, its full faith, credit and taxing power.

Capitalized terms used in this Note which are not defined herein but which are defined in the Ordinance shall have the respective meanings set forth in the Ordinance.

The City has caused to be issued and delivered to the Paying Agent by Wachovia Bank, National Association, an irrevocable letter of credit pursuant to which the Paying Agent is authorized, subject to the terms and conditions thereof, to draw up to (a) an amount equal to the principal amount of the Notes (i) to enable the Paying Agent to pay the principal amount of the Notes when due at maturity or upon redemption and (ii) to enable the Paying Agent to pay the portion of the purchase price of Notes tendered to it and not remarketed corresponding to the principal amount of such Notes, plus (b) an amount equal to [43] days accrued interest on the outstanding Notes at 12% per annum while the Notes bear interest at the Weekly Rate, (i) to enable the Paying Agent to pay interest on the Notes when due and (ii) to enable the Paying Agent to pay the portion of the purchase price of Notes tendered to it and not remarketed corresponding to the accrued interest on such Notes. Such irrevocable letter of credit or any alternate letter of credit delivered to the Paying Agent in accordance with the terms of the Ordinance is herein called the "Letter of Credit". The Ordinance provides that, while the Notes bear interest at a Term Rate, the Letter of Credit must be increased to provide for (i) 200 days accrued interest on the outstanding Notes at a rate not less than the applicable Term Rate and (ii) coverage of premium in an amount equal to the sum of the optional redemption premium (if any) and supplemental premium (if any) which would become payable on the Notes upon mandatory redemption if such Letter of Credit were not extended beyond the Expiration Date set forth therein. As used herein, the term "Bank" shall mean Wachovia Bank, National Association, as issuer of the Letter of Credit or the bank issuing any Alternate Letter of Credit. The Letter of Credit expires on \_\_\_\_\_, 20\_\_, unless terminated earlier pursuant to its terms or extended. Subject to the provisions of the Ordinance, the City may, but is not required to, cause the Letter of Credit to be extended or replaced with an Alternate Letter of Credit having substantially the same terms. The Bank is under no obligation to extend the Letter of Credit. Unless the Letter of Credit is extended or replaced in accordance with the terms of the Ordinance, this Note will become subject to mandatory purchase or redemption, as described below. The Letter of Credit is being issued pursuant to a Reimbursement Agreement (as the same may be amended or replaced, the "Reimbursement Agreement") between the Bank and the City. The City is obligated, among other things, to reimburse the Bank for all drawings under the Letter of Credit.

## **INTEREST ON NOTES**

General. This Note shall bear interest at a Weekly Rate or a Term Rate, as specified above and described below. The Notes shall initially bear interest at a Weekly Rate, subject to conversion to a Term Rate, as described herein. A "Weekly Rate" is an interest rate for a Weekly Rate Period determined and adjusted weekly as described below. A "Term Rate" is an interest rate for a Term Rate Period determined as described below. The Notes are in the "Weekly Mode" if they bear interest at a Weekly Rate and a "Term Mode" if they bear interest at a Term Rate. The Weekly Mode and each Term Mode are each a "Rate Mode". All computations of interest at a Weekly Rate shall be based on a year of 365 or 366 days, as appropriate; and all computations of interest at a Term Rate shall be based on a 360-day year of twelve 30-day months. As used in this Note, the term "Interest Payment Date" means (i) with

respect to Weekly Rate Interest, the first Business Day of each calendar month commencing \_\_\_\_\_, 2008, and (ii) with respect to Term Rate Interest, each \_\_\_\_\_ and \_\_\_\_\_. Pledged Notes shall bear interest at the rate set forth in the Reimbursement Agreement.

Weekly Rate. A Weekly Rate shall be determined for each Weekly Rate Period as described below. On each Weekly Rate Calculation Date, the Remarketing Agent under the Ordinance (the "Remarketing Agent"), initially Wachovia Bank, National Association, shall determine the Weekly Rate (for the Weekly Rate Period commencing on the next Thursday) as the rate which if borne by the Notes would, in the judgment of the Remarketing Agent, taking into account prevailing financial market conditions, be the lowest interest rate necessary to enable the Remarketing Agent to arrange for the sale of all of the outstanding Notes at a price equal to the principal amount thereof plus accrued interest thereon. Anything herein to the contrary notwithstanding, in no event shall any Weekly Rate exceed 12% per annum. As used in this Note, "Weekly Rate Calculation Date" means Wednesday in each calendar week or, if any Wednesday is not a Business Day, the first Business Day preceding such Wednesday, and "Weekly Rate Period" means the seven-day period commencing on the first Thursday following the corresponding Weekly Rate Calculation Date and running through Wednesday of the following calendar week, except that (i) the first Weekly Rate Period shall commence on the Series Issue Date and end on and include the first Wednesday occurring after the Series Issue Date, (ii) the first Weekly Rate Period following a conversion from a Term Mode to the Weekly Mode shall commence on the date of such conversion and end on and include the first Wednesday occurring after such conversion date and (iii) the last Weekly Rate Period prior to a conversion from the Weekly Mode to a Term Mode shall end on and include the last day immediately preceding the date of such conversion.

If for any reason the Remarketing Agent does not determine a Weekly Rate for any Weekly Rate Period as aforesaid, or if a court holds a rate for any Weekly Rate Period to be invalid or unenforceable, the Weekly Rate for that Weekly Rate Period shall be equal to the Weekly Rate in effect for the immediately preceding Weekly Rate Period. The Weekly Rate for any consecutive Weekly Rate Period for which the Remarketing Agent does not determine a Weekly Rate, or a court holds a rate to be invalid or unenforceable, shall be equal to LIBOR (as defined in the Ordinance).

No notice of Weekly Rates will be given to the Holders of the Notes; however, the Holders may obtain Weekly Rates from the Paying Agent or the Remarketing Agent. The determination of the Weekly Rate by the Remarketing Agent shall be conclusive and binding upon the City, the Paying Agent, the Remarketing Agent, the Bank and the Holders.

Term Rate. A Term Rate shall be determined for each Term Rate Period as described below. Upon conversion to a Term Mode, a Nominal Term Rate Period shall be fixed by the City as a term of two or more consecutive Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Rate Mode. A Term Mode based on one Nominal Term Rate Period and a Term Mode based on another Nominal Term Rate Period are different Term Modes. Each Term Rate shall be determined by the Remarketing Agent, on the Term Rate Calculation Date, as the lowest rate of interest that, in the judgment of the Remarketing Agent taking into account prevailing financial market conditions, would be necessary to enable the Remarketing Agent to arrange for the sale of the Notes in the respective Term Mode in a secondary market sale at a price equal to the principal amount thereof on the first Business Day of the respective Term Rate Period; provided that (1) if

the Remarketing Agent fails for any reason to determine the Term Rate for any Term Rate Period, such Term Rate shall be equal to 80% of the average of the annual bond equivalent yield evaluations at par as of the first day of the corresponding Term Rate Period or, if such day is not a Business Day, the next preceding Business Day of United States Treasury obligations having a term to maturity similar to such Term Rate Period, and (2) no Term Rate shall exceed the lesser of (i) the maximum interest rate at which the Letter of Credit then in effect provides coverage for at least 200 days interest and (ii) 8% per annum. Determinations of Term Rates shall be conclusive and binding upon the City, the Paying Agent, the Bank and the Holders. As used in this Note, "Nominal Term Rate Period" means, with respect to a Term Mode, a period of two or more consecutive Semiannual Periods (expressed in years and half years); "Semiannual Date" means each \_\_\_\_\_ and each \_\_\_\_\_; "Semiannual Period" means a six-month period commencing on a Semiannual Date and ending on and including the day immediately preceding the next Semiannual Date; "Term Rate Calculation Date" means a Business Day not more than 15 days and not less than one day prior to the first day of the corresponding Term Rate Period; "Term Rate Period" means a period of two or more consecutive Semiannual Periods equal to the applicable Nominal Term Rate Period commencing on the Semiannual Date immediately following the last day of the immediately preceding Term Rate Period and running through and ending on the day immediately preceding the Semiannual Date which follows such commencement date by a period equal to such Nominal Term Rate Period, except that the first Term Rate Period after conversion from a Weekly Rate to a Term Rate shall commence on the date of conversion and end on and include the day immediately preceding the Semiannual Date which follows the Semiannual Date occurring on or immediately preceding such conversion date by a period equal to such Nominal Term Rate Period.

Conversion. The Ordinance provides that the City shall have the option to convert the Notes from the Weekly Mode to a Term Mode, from a Term Mode to the Weekly Mode and from one Term Mode to another Term Mode on any Conversion Date the City shall select; provided that (i) each Conversion Date shall be an Interest Payment Date and (ii) Notes in a Term Mode cannot be converted to another Rate Mode prior to the date on or after which the Notes may first be redeemed at a redemption price of par pursuant to their terms. The City may exercise such option by giving written notice to the Paying Agent, the Remarketing Agent and the Bank, stating its election to convert the Rate Mode of the Notes to another Rate Mode specified in such notice and stating the Conversion Date therefor, not less than 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Conversion Date. In connection with each conversion to a Term Mode, the Nominal Term Rate Period shall be selected by the City and designated in such notice. Notice of the exercise of an option to convert from one Rate Mode to another Rate Mode shall not be effective unless certain conditions set forth in the Ordinance are satisfied with respect to such conversion. In the case of a conversion from one Rate Mode to another Rate Mode, the City shall give notice by first class mail to the Holders of the Notes not less than 30 days prior to the proposed Conversion Date stating (i) that, in the case of a conversion to a Term Mode, the interest rate on the Notes is scheduled to be converted to a Term Rate and the Nominal Term Rate Period on which such Term Rate will be based, or in the case of a conversion to the Weekly Mode, the interest rate on the Notes is scheduled to be converted to a Weekly Rate, (ii) the proposed Conversion Date, (iii) that the City may determine not to convert the Notes in which case the Paying Agent shall notify the Holders in writing to such effect, and (iv) that all outstanding Notes will be subject to a mandatory purchase on the Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date, at a price of par plus accrued interest. Upon each conversion the Notes shall be subject to mandatory purchase on the

Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date. As used in this Note, "Conversion Date" means any Interest Payment Date on which the Rate Mode of the Notes is converted to another Rate Mode.

## **OPTIONAL AND MANDATORY TENDER**

Optional Tender for Purchase in Weekly Mode. While the Notes bear interest at a Weekly Rate, any Note shall be purchased on the demand of the Holder thereof on any Business Day designated by such Holder in a Noteholder Tender Notice (hereinafter defined) at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase, if there is delivered to the Paying Agent at its Designated Office, and to the Remarketing Agent at its Principal Office, a written notice (the "Noteholder Tender Notice") which (i) states the principal amount (or portion thereof) of such Note and (ii) states the date on which such Note (or portion thereof) shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent and the Remarketing Agent; provided that, in the case of a Note to be purchased in part, both the portion to be purchased and the portion which is not to be purchased must be in an authorized denomination. By delivering the Noteholder Tender Notice, the Holder irrevocably agrees to deliver such Note, if held in certificated form, duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent, to the Delivery Office of the Paying Agent or any other address designated by the Paying Agent at or prior to 10:00 a.m. eastern time on the Business Day specified in the Noteholder Tender Notice. The determination by the Paying Agent of a Holder's compliance with such Noteholder Tender Notice and Notes delivery requirements is in the sole discretion of the Paying Agent and binding on the City, the Remarketing Agent, the Bank and the Holder. Any Noteholder Tender Notice which the Paying Agent determines is not in compliance with the provisions of this paragraph shall be of no force or effect.

Any election by a Holder to tender a Note (or portion thereof) for purchase on a Business Day shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder. Each Noteholder Tender Notice shall automatically constitute (i) an irrevocable offer to sell the Note (or portion thereof) to which such notice relates on the Purchase Date at a price equal to the purchase price of such Note (or portion thereof) described above, (ii) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Note (or portion thereof) upon payment of the purchase price to the Paying Agent on the Purchase Date, (iii) with respect to a tender of a portion of a Note, an irrevocable authorization and instruction to the Paying Agent to effect the exchange of such Note in part for other Notes in a principal amount equal to the retained portion so as to facilitate the sale of the tendered portion of such Note, and (iv) an acknowledgment that such Holder will have no further rights with respect to such Note (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the Purchase Date, except for the right of such Holder to receive such purchase price upon surrender of such Note, if held in certificated form, to the Paying Agent endorsed for transfer in blank and with guarantee of signature satisfactory to the Paying Agent and that after the Purchase Date such Holder will hold such Note as agent for the Paying Agent. If the Notes are not held in book-entry form and, after delivery to the Paying Agent and the Remarketing Agent of such Noteholder Tender Notice, the Holder making such election shall fail to deliver such Note or Notes described in the Noteholder Tender Notice to the Paying Agent at its Delivery Office on or before 10:00 a.m. eastern time on the applicable Purchase Date as

described herein, then the undelivered Note or portion thereof (the "Undelivered Note") described in such Noteholder Tender Notice shall be deemed to have been tendered for purchase to the Paying Agent and, to the extent that there shall be held by the Paying Agent on or before the applicable Purchase Date an amount sufficient to pay the purchase price thereof and available for such purpose pursuant to the Ordinance, such Undelivered Note (or portion thereof) shall on such Purchase Date cease to bear interest and no longer shall be considered to be outstanding under the Ordinance. Moneys held by the Paying Agent for the purchase of the Undelivered Notes in accordance with the foregoing shall be held in a special separate trust account for the Holders of such Undelivered Notes. Such moneys shall be held by the Paying Agent uninvested and without liability for interest pending delivery of such Undelivered Notes to the Paying Agent.

**Mandatory Tender.** This Note is subject to mandatory tender for purchase, at a price equal to the principal amount hereof plus accrued interest, (a) on each Conversion Date, or if such Conversion Date is not a Business Day, the first Business Day immediately following such Conversion Date, in the event of a conversion of the Notes from one Rate Mode to another Rate Mode, and the first Business Day immediately following the end of each Term Rate Period; (b) while the Notes are in the Weekly Mode, on the Interest Payment Date next preceding by at least two Business Days the Expiration Date of the Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; (c) on the Interest Payment Date on which an Alternate Letter of Credit is issued pursuant to the Ordinance; and (d) while the Notes are in the Weekly Mode, on the Purchase Date stipulated by the Bank pursuant to the Ordinance in the event the Bank directs the Paying Agent pursuant to the Ordinance to call the Notes for mandatory purchase. Any Note which is not delivered for purchase prior to 10:00 a.m. eastern time on the applicable Purchase Date shall be deemed to have been tendered to the Paying Agent as of such Purchase Date and interest on such Undelivered Note shall cease to accrue on such Purchase Date. Thereafter, the Holder of such Undelivered Note shall not be entitled to any payment other than the purchase price for such Undelivered Note upon surrender thereof to the Paying Agent endorsed for transfer in blank and with guaranty of signature satisfactory to the Paying Agent. Except for payment of such purchase price from moneys held by the Paying Agent for such purpose, such Undelivered Note shall no longer be outstanding and entitled to the benefits of the Ordinance.

BY ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF AGREES THAT THIS NOTE WILL BE PURCHASED, WHETHER OR NOT SURRENDERED, ON ANY DATE SPECIFIED BY THE HOLDER HEREOF IN THE EXERCISE OF THE OPTIONAL TENDER FOR PURCHASE DESCRIBED ABOVE AND ON THE PURCHASE DATE IN CONNECTION WITH ANY MANDATORY TENDER FOR PURCHASE. IN SUCH EVENT, THE HOLDER OF THIS NOTE SHALL NOT BE ENTITLED TO RECEIVE FURTHER INTEREST HEREON, SHALL HAVE NO FURTHER RIGHTS UNDER THIS NOTE OR THE ORDINANCE EXCEPT FOR PAYMENT OF THE PURCHASE PRICE HELD THEREFOR, AND, IF THIS NOTE IS NOT SURRENDERED ON SUCH DATE, SHALL THEREAFTER HOLD THIS NOTE AS AGENT FOR THE PAYING AGENT.

#### **OPTIONAL REDEMPTIONS**

**Weekly Rate Notes.** While the Notes bear interest at a Weekly Rate, the Notes are subject to redemption prior to maturity at the option of the City in whole at any time or in



part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Term Rate Notes. While the Notes bear interest at a Term Rate, the Notes shall be subject to optional redemption by the City in whole at any time or in part on any Interest Payment Date; provided that the Notes shall not be redeemable during the No Call Period set forth in or stipulated pursuant to the Ordinance. After such No Call Period, the Notes shall be redeemable at the redemption price set forth in or stipulated pursuant to the Ordinance, plus accrued interest to the redemption date.

#### **MANDATORY REDEMPTIONS**

Mandatory Redemption Upon Expiration of Letter of Credit During Term Mode. While the Notes are in a Term Mode, the Notes are subject to mandatory redemption by the City on the Interest Payment Date next preceding the Expiration Date of the Letter of Credit, unless at least 45 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Interest Payment Date the Paying Agent has received notice that the Letter of Credit has been or will be extended; provided that, if such Interest Payment Date is a Term Rate Period End Interest Payment Date, then such Notes shall not be so redeemed but shall be subject to mandatory purchase as provided in the Ordinance. As used in this Note, "Term Rate Period End Interest Payment Date" means the Interest Payment Date immediately following the last day of a Term Rate Period. The redemption price of Notes so redeemed shall be equal to the redemption price that would be applicable to such Notes if they were redeemed by optional redemption; provided that if such redemption will occur during the applicable No Call Period set forth in or stipulated pursuant to the Ordinance, then the redemption price shall be equal to the optional redemption price that would be applicable to such Notes on the first day after the expiration of the applicable No Call Period plus a supplemental premium in the amount set forth in or stipulated pursuant to the Ordinance.

#### **MANDATORY SINKING FUND REDEMPTION**

The Notes are subject to mandatory redemption prior to maturity, on \_\_\_\_\_ of the years and in the principal amounts set forth in the following schedule, as drawn by lot in a fair and equitable manner by the Paying Agent on behalf of the City:

<u>Years</u>	<u>Amount</u>
--------------	---------------

\*Maturity

## GENERAL PROVISIONS

This Note shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Note shall have been authenticated by the Paying Agent. The holder of this Note, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Ordinance.

If less than all Notes are to be redeemed at one time, the selection of the Notes to be redeemed shall be made by lot or by such other method as the Paying Agent deems fair and appropriate; provided that any Notes pledged to the Bank shall be redeemed first.

If Notes or portions thereof are called for redemption and if on the redemption date moneys for the redemption thereof are held by the Paying Agent, thereafter those Notes or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Ordinance.

Any notice of redemption shall be given not more than 60 days and at least 15 days (30 days if the Notes are in a Term Mode) prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, to the Holder of each Note to be redeemed in whole or in part at the address shown on the Register. Notice of optional redemption may be conditioned upon the deposit of moneys in the Sinking Fund established under the Ordinance, in an amount sufficient for such redemption not later than the close of business on the Business Day prior to the date fixed for redemption and such notice shall be of no effect and the redemption shall be deemed cancelled unless such moneys are so deposited.

If at any time the Paying Agent holds moneys or securities as described in the Ordinance sufficient to pay at redemption or maturity the principal or redemption price of and premium, if any, and interest on all Notes outstanding under the Ordinance and any purchase price payable pursuant to the Ordinance in respect thereof, and if all other sums then payable by the City under the Ordinance have been paid, then subject to the provisions of the Ordinance the lien of the Ordinance and other security held by the Paying Agent for the benefit of the Holders will be discharged. After such discharge, Holders must look only to the deposited moneys and securities for payment.

The Ordinance permits certain amendments or supplements to the Ordinance not materially prejudicial to the Holders to be made without the consent of or notice to the Holders.

The Holder of each Note has only those remedies provided in the Ordinance and the Act.

The Notes are issuable only as fully registered notes in the denominations of \$100,000 and any whole multiple of \$5,000 in excess thereof and are exchangeable for Notes of other authorized denominations in equal aggregate principal amounts at the Transfer Office of the Paying Agent, but only in the manner and subject to the limitations provided in the Ordinance. This Note is transferable at the Transfer Office of the Paying Agent, by the Holder in person or by his attorney, duly authorized in writing, upon presentation and surrender hereof to

the Paying Agent. While the Notes bear interest at a Term Rate, the Paying Agent is not required to transfer or exchange (i) any Note during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes and ending at the close of business on the day of such mailing or (ii) any Notes selected for redemption in whole or in part.

This Note may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, of the same series, maturity and interest rate, upon surrender of this Note to the Paying Agent, with written instructions for exchange satisfactory to the Paying Agent.

The City and the Paying Agent may deem and treat the registered owner of this Note as the absolute owner hereof (whether or not this Note shall be overdue) for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary. This Note may be transferred by the registered owner hereof upon surrender of this Note to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Note or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Note in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered note or notes of the same series, maturity and interest rate in an authorized denomination and in the aggregate principal amount which the registered owner is entitled to receive.

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. or in such other name as is required by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It hereby is certified that all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law.

(signature page to follow)

IN WITNESS WHEREOF, the City has caused this Note to be executed in its name by the manual or facsimile signature of its Commissioners and its official seal or a facsimile of its official seal to be affixed hereto, duly attested by the manual or facsimile signature of the City Clerk of the City.

**CITY OF READING, BERKS COUNTY,  
PENNSYLVANIA**

(SEAL)

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

**CERTIFICATE OF AUTHENTICATION,  
CERTIFICATE AS TO OPINION**

It is certified that:

(i) This Note is one of the Notes described in the within-mentioned Ordinance; and

(ii) The Opinion of Stevens & Lee, Reading, Pennsylvania, dated and delivered on the date of the original delivery of, and payment for, such Notes, is on file at our principal corporate trust office, where the same may be inspected.

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Representative

Date of Registration and Authentication:

\_\_\_\_\_

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned, hereby  
sells, assigns and transfers unto

\_\_\_\_\_  
Name (the "Transferee")

\_\_\_\_\_  
Address

Social Security or Federal Employer Identification No. \_\_\_\_\_ the within  
Note and all rights thereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ as agent to transfer the within Note on the books kept for registration  
thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE:  
Signatures(s) must be guaranteed by  
an institution that is a participant in a  
signature guarantee program  
recognized by the Securities Transfer  
Association.

\_\_\_\_\_  
NOTICE: No transfer will be made in the  
name of the Transferee unless the  
signature(s) to this assignment  
correspond(s) with the name(s) appearing  
upon the face of the within Note in every  
particular, without alteration or  
enlargement or any change whatever and  
the Social Security or Federal Employer  
Identification Number of the Transferee is  
supplied. If the Transferee is a trust, the  
names and Social Security or Federal  
Employer Identification Numbers of the  
settlor and beneficiaries of the trust, the  
Federal Employer Identification Number  
and date of the trust and the name of the  
trustee must be supplied.

**BILL NO. \_\_\_\_\_ 2008**  
**AN ORDINANCE**

**AN ORDINANCE AMENDING THE CITY OF READING CODE OF ORDINANCES CHAPTER 6, PART 7, SCHOOL TIME CURFEW, TO ADD A NEW SECTION PERTAINING TO PROHIBITED CONDUCT OF JUVENILES ON SCHOOL DAYS AND TO ADD THIS NEW SECTION TO THE ENFORCEMENT PROCEDURE, AS ATTACHED IN EXHIBIT A.**

**Whereas**, the City of Reading has an obligation to provide for the protection of juveniles from each other and other persons; for the protection of the general public; and for the reduction of the incidents of criminal activity.

**Whereas**, loitering around school buildings creates safety hazards for students, City residents and visitors; and

**Whereas**, the City of Reading City Council enacts this legislation to further prohibit juveniles from loitering in the vicinity of school buildings to protect students, residents and visitors against crime and undue annoyance.

**NOW THEREFORE, THE CITY OF READING CITY COUNCIL HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** Amending the City of Reading Codified Ordinances Chapter 6, Conduct, Part 7, School Time Curfew, to protect the public safety, health and welfare of all in our community as attached in Exhibit A.

**SECTION 2.** This Ordinance will become effective in ten (10) days when approved in accordance with Section 221 of the City of Reading Home Rule Charter.

Enacted by Council \_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

*(Police Department & Law Department)*

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT A**



**PART 76**  
**SCHOOL TIME CURFEW**

**§6-701. Background.**

The City of Reading and community have legitimate concerns regarding the refusal or failure of juveniles to attend school as required by the Compulsory Attendance Statute of the Commonwealth, with evidence that juveniles who refuse to attend school are more likely to not complete elementary or secondary education and are more likely to engage in misconduct injurious to themselves or other persons or property.

*(Ord. 13-2001, 6/11/2001, §1)*

**§6-702. Purpose.**

The City of Reading has an obligation to provide for the protection of juveniles from each other and from other persons, for the enforcement of parental responsibility for acts of their children, for the protection of the general public, and for the reduction of the incidents of juvenile criminal activity. The City also desires to promote the safety and good order of the community by encouraging parental responsibility and helping to eradicate or minimize the occurrences of rowdiness, vandalism, harassment, graffiti, theft, drug dealing, drug use, and other behaviors of juveniles as well as the harm done by juveniles to the community.

*(Ord. 13-2001, 6/11/2001, §2)*

**§6-703. Definitions.**

**ESTABLISHMENT** - any privately owned place of business operated for a profit to which the public is invited including, but not limited to, any place of amusement or entertainment.

**GUARDIAN** - a person who, under court order, is the guardian of a juvenile, or a public or private agency with which a juvenile has been placed by a court of competent jurisdiction.

**HOMESCHOOL** - applies to children legally authorized to participate in a Home Education Program conducted in compliance with §1327.1 of the Public School Code.

*(Ord. 13-2001, 6/11/2001, §3)*

**JUVENILE** - any unmarried person over 7 years of age and under 17 years of age or a person over 17 years of age and less than 18 years of age who is enrolled in or subject to compulsory education.

**LOITERING** - remaining idle in essentially one location or lingering or standing around without purpose either alone or in consort with others.

**OPERATOR** - any individual, firm, association, partnership, corporation, or other entity, operating, managing or conducting any establishment. The term "operator" includes the members, owner or partners of an association, partnership or other similar entity and the officers of a corporation.

**PARENT** - a person who is the birth parent, step-parent or adoptive parent of a juvenile. As used herein, "parent" shall also include a court-appointed guardian or other person, 18 years of age or older, authorized by the parent, a court order, or by the court-appointed guardian to have the care and custody of the juvenile.

**PUBLIC PLACE** - any location to which the public or a substantial group of the public has access and includes, but is not limited to streets, sidewalks, the common areas of schools, parks, hospitals, apartment houses, office buildings, transport facilities, shopping centers, malls and other such common areas.

**REMAIN** - to fail to immediately leave specific premises when requested to do so by a police officer or the owner, operator or other person in control of the premises.

**SCHOOL** - any public, private; denominational, charter or parochial education institution that is licensed, or exempt from licensing, by the Commonwealth of Pennsylvania or any other state or government, including any alternative program of study, including a homeschool, or workstudy offered by such an institution and any degree granting institution of higher education as prescribed in the regulations of the Board of Education.

#### **§6-704. Unlawful Activity.**

1. It shall be unlawful for any juvenile who is subject to compulsory education to loiter, wander, or be in or upon the public street, road, alley, park, playground or other public place, or the premises of any establishment, vacant lot or any unsupervised place in the City of Reading from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** on any day for which the school, at which such juvenile is enrolled, is in session, subject to §6-705.

2. It shall be unlawful for any juvenile who is subject to compulsory continuing/alternative education to loiter, wander or be in or upon a public street, road, alley, park, playground, or other public place or the premises of any establishment, vacant lot or any unsupervised place in the City of Reading from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** p.m. on any day for which the school at which such juvenile is enrolled is in session, subject to §6-705.

3. It shall be unlawful for the parent(s) or guardian (s) of any juvenile to knowingly permit or allow the juvenile to remain in, loiter, wander, or be in or upon the public street, road, alley, park, playground or other public place or the premises of any establishment, vacant lot or any unsupervised place from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** p.m. on any day for which the school, at which such juvenile is enrolled, is in session, subject to §6-705.

4. No operator of an establishment or the agents or employees thereof shall knowingly permit any juvenile to remain in or about any public place or any establishment between the hours of 8:30 a.m. and ~~2:30~~ **3:10 p.m.** p.m. during any day on which the school in which the juvenile is enrolled is in session.

(Ord. 13-2001, 6/11/2001, §4)

**5. It shall be unlawful for any juvenile to loiter within 1,000 feet of any grade school building from 8:00 a.m. through 3:30 p.m. on any day in which the school is in session, subject to §6-705 A - I.**

#### **§6-705. Defenses.**

It is a defense to prosecution under this Part:

A. That the juvenile is accompanied by his or her parent(s), guardian(s), or other adult(s) who has the care or custody of the juvenile.

- B. That the juvenile is on an emergency errand (without any detour or stop) directed by his or her parent(s), guardians) or other adult(s) who has the care or custody of the juvenile.
  - C. That the juvenile is going to or coming directly from, without detour or stop, with permission, his or her place of school or approved employment, which includes vocational training.
  - D. That the juvenile is going to or coming directly from a medical appointment or an emergency.
  - E. That the juvenile has permission to leave the school campus for lunch or a school-related activity or has possession of a valid school-issued off-campus permit.
  - F. That the juvenile is going to or coming from a continuing/alternative education activity.
  - G. That the juvenile is attending an official school, religious or other recreational activity supervised by adults or sponsored by the City of Reading or other governmental entity, a civic organization, or another similar entity that takes responsibility for the juvenile and that the parent(s) or guardian (s) has given permission for the student to attend such activity.
  - H. That the juvenile is going to or returning from, without any detour or stop, of the foregoing in subsection (G).
  - I. That the juvenile is going to or coming from any government-sponsored activity.
  - J. That the compulsory education or continuing/alternative education to which the juvenile is subject is not in session.
- (Ord. 13-2001, 6/11/2001, §5)

**§6-706. Enforcement Procedure.**

1. Upon a juvenile's failure to comply with §6-704 (1) (2) *or* (5) of this Part, a police officer shall issue a citation to the juvenile and transport the juvenile home or to the school from which the juvenile is absent. If cited, the juvenile and parent(s) or guardian(s) shall appear in district justice court. The parent(s) or guardian(s) shall be forwarded a copy of the citation of the juvenile, and said citation will be mailed via certified mail, return receipt requested, and will include a warning that the parent(s) is (are) responsible and liable as the juvenile's parent(s). Any and all records of such citations shall be maintained in the City's database. Each violation shall constitute a separate offense.
  2. If the parent(s) or guardian(s) has (have) been warned pursuant to subsection (1) hereof, then the officer may issue a citation to the parent(s) or guardian(s) for every subsequent violation of this Part. Each violation shall constitute a separate offense.
  3. Once a citation is issued, pursuant to subsection (2) hereof, each and every subsequent violation of this Part is cause for an officer to issue a citation to the parent(s) or guardian(s) of the juvenile.
  4. If any operator of an establishment or any agents or employees of any operator fail to comply with the provisions of this Part, a police officer shall issue a citation for said violation. Each violation shall constitute a separate offense.
- (Ord. 13-2001, 6/11/2001, §6)

**§6-707. Penalties.**

1. Any juvenile, parent(s) or guardian(s), individual(s), or operator(s) convicted of violating any Section of this Part shall be subject to the following:

A. **First Offense.** \$ 50.00, plus costs and performance of restorative or community service to be assigned by the Superintendent of Schools and/or school principal.

B. **Second Offense.** \$100.00, plus costs and performance of restorative or community service to be assigned by the Superintendent of Schools and principal.

2. Any juvenile, parent(s) or guardian(s), individual(s) or operator(s) convicted of violating any Section of this Part for a third and every subsequent offense, may be subject to a fine not less than \$300.00 or more than \$1,000.00, plus costs and performance of community service as set forth in subsection (1).

3. Any community service required will not exceed 40 hours in a month and will be completed within 30 days from the date of the violation; community service imposed on a juvenile will not be completed by the juvenile during his or her hours of school attendance or related employment

*(Ord. 13-2001, 6/11/2001, §7)*

**§6-708. Delegation.**

Appropriate City officials, including members of the Police Department, authorized members of the Reading School District, including truancy enforcement and school safety officers, Children Youth Service employees and juvenile probation officers are authorized and directed to take such actions as are necessary to effectuate this Part.

*(Ord. 13-2001, 6/11/2001, §8)*

CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA AUTHORIZING THE TERMINATION OF A CERTAIN INTEREST RATE MANAGEMENT AGREEMENT PREVIOUSLY EXECUTED WITH RESPECT TO ITS GENERAL OBLIGATION NOTES SERIES OF 2005; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO EXECUTE AND DELIVER ANY NECESSARY DOCUMENTS AND AUTHORIZING THE TAKING OF OTHER NECESSARY ACTION IN CONNECTION WITH THE FOREGOING.

WHEREAS, the City of Reading, Berks County, Pennsylvania (the "City"), previously entered into a certain interest rate management agreement (the "2005 Interest Rate Management Agreement") with Wachovia Bank, National Association ("Wachovia") pursuant to a Master Agreement as supplemented by a Schedule to Master Agreement and a Confirmation dated October 6, 2005, in order to manage interest rate costs of the City with respect to the City's General Obligation Notes Series of 2005; and

WHEREAS, the City has heretofore appointed Financial Solutions LLC as its financial advisor (the "Financial Advisor"); and

WHEREAS, the City has determined to refund a portion of its General Obligation Notes Series of 2005, and desires to exercise its option to terminate the 2005 Interest Rate Management Agreement; and

WHEREAS, under current market conditions, the City would be required to pay a termination fee to Wachovia in connection with the termination of the 2005 Interest Rate Management Agreement; and

WHEREAS, the City desires to authorize (i) the termination of the 2005 Interest Rate Management Agreement and (ii) the execution of any documents as shall be necessary or appropriate in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY AS FOLLOWS:

1. Termination of the 2005 Interest Rate Management Agreement. The Council of the City hereby authorizes the termination of the 2005 Interest Rate Management Agreement and the payment by the City of any required termination fee to Wachovia at the time of such termination. The Council of the City hereby authorizes the Managing Director of the City to determine the date of termination of the 2005 Interest Rate Management Agreement and the amount of any required termination fee due to Wachovia upon advise of the Financial Advisor.

2. Execution and Delivery of Documents. The Mayor of the City is hereby authorized to

execute and deliver, in the name of the City and on its behalf, and as approved by counsel to the City, any and all documents, agreements, instruments and certificates that may be necessary or desirable to effect the termination of the 2005 Interest Rate Management Agreement.

3. Payment of Fees. The City hereby authorizes the payment of (i) a fee of \$2,500 to the Financial Advisor and (ii) a fee of \$2,500 to Stevens & Lee, for their respective roles in assisting the City in terminating the 2005 Interest Rate Management Agreement.

4. Further Action. The Mayor of the City and the Managing Director of the City are hereby authorized and directed to execute such further documents, agreements, instruments and certificates and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.

5. Repeal of Inconsistent Resolutions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

6. Effective Date. This Resolution shall take effect immediately.

Adopted by Council \_\_\_\_\_, 2008

\_\_\_\_\_  
Vaughn D. Spencer  
President of Council

Attest:

\_\_\_\_\_  
Linda A. Kelleher  
City Clerk

CERTIFICATE OF CITY CLERK

The undersigned, City Clerk of the City of Reading, Berks County, Pennsylvania (the "City"), hereby certifies that the foregoing is a true and correct copy of the Resolution which was adopted by a majority vote of the Council, at a meeting thereof held after due public notice as required by law, on August 11, 2008.

(SEAL)

By: \_\_\_\_\_  
City Clerk





CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

SWAP RESOLUTION

**A RESOLUTION OF THE COUNCIL OF CITY OF READING, BERKS COUNTY, PENNSYLVANIA APPROVING AN INTEREST RATE MANAGEMENT PLAN; APPROVING THE FORM OF A CERTAIN INTEREST RATE MANAGEMENT AGREEMENT RELATING TO ITS FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND NOTES SERIES C OF 2008 AND ITS FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND NOTES SERIES D OF 2008; AUTHORIZING THE PROPER OFFICERS OF THE CITY TO EXECUTE AND DELIVER THE INTEREST RATE MANAGEMENT AGREEMENT; APPROVING THE MAXIMUM FIXED RATE OF INTEREST PAYABLE BY THE CITY UNDER THE INTEREST RATE MANAGEMENT AGREEMENT AND THE MINIMUM RATES OF INTEREST PAYABLE BY THE COUNTERPARTY UNDER THE INTEREST RATE MANAGEMENT AGREEMENT; APPROVING THE TERMS OF THE INTEREST RATE MANAGEMENT AGREEMENT; COVENANTING TO MAKE THE PAYMENTS REQUIRED TO BE MADE BY THE CITY UNDER THE INTEREST RATE MANAGEMENT AGREEMENT; AUTHORIZING THE PREPARATION OF A TRANSCRIPT OF PROCEEDINGS TO BE FILED WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AND AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER NECESSARY DOCUMENTS AND THE TAKING OF OTHER NECESSARY ACTION IN CONNECTION WITH THE FOREGOING.**

WHEREAS, the City of Reading, Berks County, Pennsylvania (the "City"), has authorized the issuance of its Federally-Taxable General Obligation Variable Rate Demand Notes, Series C of 2008 (the "2008C Notes") in an aggregate principal amount of \$18,525,000, and its Federally-Taxable General Obligation Variable Rate Demand Notes, Series D of 2008 (the "2008D Notes") in an aggregate principal amount of \$22,795,000 (collectively, the 2008C Notes and the 2008D Notes are hereinafter referred to as the "Notes"), to finance various projects of the City; and

WHEREAS, the Notes will bear interest at variable rates; and

WHEREAS, the City has heretofore appointed Financial Solutions, LLC as its financial advisor (the "Financial Advisor") to evaluate whether it was advisable to enter into one or more floating to fixed interest rate swaps with respect to the Notes in order to synthetically convert the interest rates payable on the Notes to a fixed rate; and

WHEREAS, the City's Financial Advisor has prepared an interest rate management plan (the "Interest Rate Management Plan") and is recommending that the City enter into an interest rate management agreement with respect to both series of Notes in order to manage interest costs with respect to the Notes; and

WHEREAS, the Interest Rate Management Plan contains recommendations relating to the process for selecting a counterparty or counterparties and awarding an interest rate management agreement or interest rate management agreements, and the City has been advised that it is in its best financial interest to enter into an interest rate management agreement with a financial institution meeting the minimum requirements for qualified counterparties as set forth in the Interest Rate Management Plan (the "Bank" or "Counterparty") and selected by the City by private sale by negotiation; and

WHEREAS, the City intends to enter into an interest rate management agreement with respect to both series of Notes with the Bank pursuant to a Master Agreement, as supplemented by the Schedule and Confirmation thereto (the "Interest Rate Management Agreement"); and

WHEREAS, the City desires to approve the Interest Rate Management Plan, authorize the execution and delivery of the Interest Rate Management Agreement and such other documents as shall be necessary or appropriate in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF READING AS FOLLOWS:

*Adoption of the Interest Rate Management Plan. In accordance with the purposes and objectives of the Local Government Unit Debt Act, as amended, the City hereby adopts and approves the Interest Rate Management Plan prepared and recommended by the Financial Advisor attached hereto as Appendix I, subject to such modifications from time to time as the City Managing Director, the Financial Advisor and counsel to the City shall approve. The City hereby approves and authorizes the use of the process for selecting a counterparty, and awarding the Interest Rate Management Agreement, set forth in the Interest Rate Management Plan. The Financial Advisor is hereby determined to be independent as contemplated by the Local Government Unit Debt Act.*

*Authorization of the Interest Rate Management Agreement. In order to manage interest costs to the City, the City is hereby authorized to execute and deliver the Interest Rate Management Agreement, the substantial form of which is attached hereto as Appendix II. The substantial form of the Interest Rate Management Agreement is hereby approved; provided that, with respect to the Notes: (i) the notional amount subject to the Interest Rate Management Agreement shall not exceed the then outstanding aggregate principal amount of the Notes, (ii) the term of the Interest Rate Management Agreement shall be no later than the latest maturity date for the Notes, (iii) the Interest Rate Management Agreement shall obligate the City to pay a fixed rate no higher than the fixed rate determined by the Financial Advisor to be fair and reasonable at the time of pricing of the Interest Rate Management Agreement, (iv) the Interest Rate Management Agreement shall obligate the Counterparty to pay an amount equal to a variable interest rate multiplied by the notional amount of the swaps at the time in question, at the times and in the manner set forth in the Interest Rate Management Agreement, and (v) both parties may be required to make certain additional payments to the extent required under the Interest Rate Management Agreement, however periodic scheduled*

payments payable by the City under the Interest Rate Management Agreement and debt service payable by the City on the Notes shall be senior in right and priority of payment to termination payments due under the Interest Rate Management Agreement.

Execution and Delivery of the Interest Rate Management Agreement. The Mayor of the City, the City Managing Director and any other legally required official of the City are hereby authorized to execute the Interest Rate Management Agreement by manual or facsimile signature; the City Clerk or any Assistant City Clerk of the City is hereby authorized to attest by manual or facsimile signature and to affix the seal of the City on the Interest Rate Management Agreement (which is hereby authorized to be impressed or imprinted on the Interest Rate Management Agreement); and following such execution, the officers of the City are hereby authorized to deliver, or to cause to be delivered, the Interest Rate Management Agreement.

The Interest Rate Management Agreement, when executed, will be a general obligation of the City. The City hereby covenants that it shall include the amount of scheduled payments due thereunder for each fiscal year in which such sums are payable in its budget for that year and shall include the amount of any termination payments due thereunder in its budget for the fiscal year immediately succeeding the fiscal year in which a termination occurs; shall appropriate such amounts from its general revenues to the payment of such payments; and shall duly and punctually pay or cause to be paid the payments on the dates and places and in the manner stated in the Interest Rate Management Agreement according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment of periodic scheduled payments, the full faith, credit and taxing power of the City is hereby irrevocably pledged.

The maximum and estimated scheduled payment amounts which the City hereby covenants to pay under the Interest Rate Management Agreement are set forth in Schedule I attached hereto.

Attached hereto as Schedule II are the maximum combined obligations of the City with respect to the Notes (with interest calculated at the maximum rates payable on the Notes) taking into account the Interest Rate Management Agreement and the Notes, assuming that the maximum rate on the Interest Rate Management Agreement is in effect, but excluding the amount of any termination payment.

Authorization of Private Sale By Negotiation. In compliance with Section 8281(e) of the Local Government Unit Debt Act, the members of the Council, in consultation with the Financial Advisor to the City have determined that a private sale by negotiation rather than private sale by invitation or public sale is in the best financial interest of the City. The Interest Rate Management Agreement shall be awarded to the Counterparty subject to the requirements of this Resolution and the Interest Rate Management Plan; provided that the proceedings have been filed with the Department of Community and Economic Development in accordance with paragraph 7 below. The award of the Interest Rate Management Agreement at a private sale by negotiation in accordance with the other terms and conditions set forth in this Resolution, is hereby deemed to be in the best financial interest of the City and is hereby approved.

Execution and Delivery of Documents. The Mayor, the City Managing Director or any other legally required official of the City are hereby authorized to execute and deliver, in the name of the City and on its behalf, the following documents and to approve the final form and substance thereof, and any amendments or supplements thereto before or after the initial execution and delivery thereof, and to approve the exact notional amount, term and interest rates under the Interest Rate Management Agreements (subject to paragraph 2 above), such approvals to be conclusively evidenced by the execution thereof, and the City Clerk or any Assistant City Clerk is hereby authorized to affix to all of the following documents the seal of the City and to attest to the same:

The Interest Rate Management Agreement; and  
Such other documents, agreements, instruments and certifications, as the executing officers determine to be reasonable and appropriate to provide for the Interest Rate Management Agreement as authorized by this Resolution.

Copies of the foregoing documents, together with the other documents relating to the transactions authorized hereby, in final form as executed and delivered by the parties thereto, shall be filed in the official records of the City.

Dating of Interest Rate Management Agreement. The Interest Rate Management Agreement and other documents, instruments, agreements and certificates executed and delivered in connection therewith are presently expected to be dated as of their dates of execution at any time after the filing of the proceedings with the Department of Community and Economic Development. The City Managing Director with the advice of the Financial Advisor and Stevens & Lee, as Swap Counsel, is hereby authorized and directed to approve in his/her sole discretion the dates and the final pricing, terms and provisions of the Interest Rate Management Agreement and all such other documents, such approval to be conclusively evidenced by the execution of the Interest Rate Management Agreement and such other documents by the Mayor or City Clerk of the Council.

Debt Act Proceedings.

The Mayor, the City Managing Director, the City Clerk or Assistant City Clerk of the City are authorized and directed to prepare or cause to be prepared, verify and file the proceedings required by Section 8284 of the Act, and to take other necessary action.

The action of the proper officers and the advertising of a summary of this Resolution as required by law in a newspaper of general circulation, is hereby ratified and confirmed, and approved. The advertisement by the City Clerk

of the City in said paper of the adoption of this Resolution is hereby directed within fifteen (15) days following the day of final enactment.

*Binding Effect of Covenants and Agreements. All covenants, obligations and agreements of the City set forth in this Resolution and in the documents, instruments, agreements and certificates authorized hereby shall be deemed to be the covenants, obligations and agreements of the City to the full extent authorized or permitted by law, and all such covenants, obligations and agreements shall be binding upon the City and its successors from time to time and upon any board or body to which any powers or duties affecting the same shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the City or the members thereof by the provisions of this Resolution or the documents, instruments, agreements and certificates authorized hereby shall be exercised or performed by such members, officers or other representatives of the City as may be required or permitted by law to exercise or perform the same. No covenant, obligation or agreement herein contained or contained in any documents, instruments, agreements and certificates authorized hereby shall be deemed to be a covenant, obligation or agreement of any member, officer, agent or employee of the City in his or her individual capacity and neither the members of the City nor any officer executing the Interest Rate Management Agreement or any other documents, instruments, agreements and certificates authorized by this Resolution shall be liable personally thereunder or be subject to any personal liability or accountability by reason of the execution and delivery thereof.*

*Pricing Agent/Financial Advisor. The City hereby appoints and engages Financial S&Lutions, LLC to serve as its independent Financial Advisor with regard to all of the transactions from time to time contemplated by this Resolution. The City hereby appoints and engages Financial S&Lutions, LLC to serve as pricing agent to the City with regard to all of the transactions from time to time contemplated by this Resolution.*

*Swap Counsel. The City hereby appoints and engages Stevens & Lee, a professional corporation, Reading, Pennsylvania, to act as Swap Counsel to the City with regard to all of the transactions from time to time contemplated by this Resolution.*

*Further Action. The Mayor of the City or the City Managing Director are hereby authorized and directed to execute such further documents, instruments, agreements and certificates and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.*

*Repeal of Inconsistent Resolutions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.*

*Effective Date. This Resolution shall take effect immediately.*

DULY ADOPTED, THIS 11TH DAY OF AUGUST, 2008, BY THE CITY COUNCIL OF THE CITY OF READING, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

(SEAL)

CITY OF READING

By: \_\_\_\_\_  
President of City Council

Attest: \_\_\_\_\_  
City Clerk

CERTIFICATE OF CITY CLERK

The undersigned, City Clerk of the City of Reading, Berks County, Pennsylvania (the "City"), hereby certifies that the foregoing is a true and correct copy of the Resolution which was adopted by a majority vote of the Council, at a meeting thereof held after due public notice as required by law, on August 11, 2008.

(SEAL)

By: \_\_\_\_\_  
City Clerk

## APPENDIX I

### Interest Rate Management Plan



## APPENDIX II

Form of Interest Rate Management Agreement

SCHEDULE I

MAXIMUM SCHEDULED PAYMENTS UNDER THE INTEREST RATE MANAGEMENT  
AGREEMENT

EXPECTED SCHEDULED PAYMENTS UNDER THE INTEREST RATE MANAGEMENT  
AGREEMENT

SCHEDULE II

MAXIMUM AMOUNTS PAYABLE UNDER THE NOTES AND THE INTEREST RATE  
MANAGEMENT AGREEMENT

CITY OF READING  
BERKS COUNTY, PENNSYLVANIA

RESOLUTION

**A RESOLUTION OF THE COUNCIL OF THE CITY OF READING,  
BERKS COUNTY, PENNSYLVANIA AUTHORIZING THE  
TERMINATION OF A CERTAIN INTEREST RATE MANAGEMENT  
AGREEMENT PREVIOUSLY EXECUTED WITH RESPECT TO ITS  
GENERAL OBLIGATION NOTES SERIES OF 2005; AUTHORIZING  
THE PROPER OFFICERS OF THE CITY TO EXECUTE AND  
DELIVER ANY NECESSARY DOCUMENTS AND AUTHORIZING  
THE TAKING OF OTHER NECESSARY ACTION IN CONNECTION  
WITH THE FOREGOING.**

WHEREAS, the City of Reading, Berks County, Pennsylvania (the "City"), previously entered into a certain interest rate management agreement (the "2005 Interest Rate Management Agreement") with Wachovia Bank, National Association ("Wachovia") pursuant to a Master Agreement as supplemented by a Schedule to Master Agreement and a Confirmation dated October 6, 2005, in order to manage interest rate costs of the City with respect to the City's General Obligation Notes Series of 2005; and

WHEREAS, the City has heretofore appointed Financial Solutions LLC as its financial advisor (the "Financial Advisor"); and

WHEREAS, the City has determined to refund a portion of its General Obligation Notes Series of 2005, and desires to exercise its option to terminate the 2005 Interest Rate Management Agreement; and

WHEREAS, under current market conditions, the City would be required to pay a termination fee to Wachovia in connection with the termination of the 2005 Interest Rate Management Agreement; and

WHEREAS, the City desires to authorize (i) the termination of the 2005 Interest Rate Management Agreement and (ii) the execution of any documents as shall be necessary or appropriate in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY  
AS FOLLOWS:

**Termination of the 2005 Interest Rate Management Agreement. The Council of the City hereby authorizes the termination of the 2005 Interest Rate Management Agreement and the payment by the City of any required termination fee to Wachovia at the time of such termination. The Council of the City hereby authorizes the Managing Director of the City to determine the date of termination of the 2005 Interest Rate Management Agreement and the amount of any required termination fee due to Wachovia upon advise of the Financial Advisor.**

**Execution and Delivery of Documents. The Mayor of the City is hereby authorized to execute and deliver, in the name of the City and on its behalf, and as approved by counsel to the City,**

any and all documents, agreements, instruments and certificates that may be necessary or desirable to effect the termination of the 2005 Interest Rate Management Agreement.

Payment of Fees. The City hereby authorizes the payment of (i) a fee of \$2,500 to the Financial Advisor and (ii) a fee of \$2,500 to Stevens & Lee, for their respective roles in assisting the City in terminating the 2005 Interest Rate Management Agreement.

Further Action. The Mayor of the City and the Managing Director of the City are hereby authorized and directed to execute such further documents, agreements, instruments and certificates and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.

Repeal of Inconsistent Resolutions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

Effective Date. This Resolution shall take effect immediately.

Adopted: August 11, 2008

CERTIFICATE OF CITY CLERK

The undersigned, City Clerk of the City of Reading, Berks County, Pennsylvania (the "City"), hereby certifies that the foregoing is a true and correct copy of the Resolution which was adopted by a majority vote of the Council, at a meeting thereof held after due public notice as required by law, on August 11, 2008.

(SEAL)

By: \_\_\_\_\_  
City Clerk

**B I L L   N O. \_\_\_\_\_ 2008**  
**A N   O R D I N A N C E**

**AN ORDINANCE AMENDING THE CITY OF READING CODE OF ORDINANCES CHAPTER 6, PART 7, SCHOOL TIME CURFEW, TO ADD A NEW SECTION PERTAINING TO PROHIBITED CONDUCT OF JUVENILES ON SCHOOL DAYS AND TO ADD THIS NEW SECTION TO THE ENFORCEMENT PROCEDURE, AS ATTACHED IN EXHIBIT A.**

**Whereas**, the City of Reading has an obligation to provide for the protection of juveniles from each other and other persons; for the protection of the general public; and for the reduction of the incidents of criminal activity.

**Whereas**, loitering around school buildings creates safety hazards for students, City residents and visitors; and

**Whereas**, the City of Reading City Council enacts this legislation to further prohibit juveniles from loitering in the vicinity of school buildings to protect students, residents and visitors against crime and undue annoyance.

**NOW THEREFORE, THE CITY OF READING CITY COUNCIL HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** Amending the City of Reading Codified Ordinances Chapter 6, Conduct, Part 7, School Time Curfew, to protect the public safety, health and welfare of all in our community as attached in Exhibit A.

**SECTION 2.** This Ordinance will become effective in ten (10) days when approved in accordance with Section 221 of the City of Reading Home Rule Charter.

Enacted by Council\_\_\_\_\_, 2008

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

*(Pension Administrator & Council Staff)*

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT A**

**PART 76**

## **SCHOOL TIME CURFEW**

### **§6-701. Background.**

The City of Reading and community have legitimate concerns regarding the refusal or failure of juveniles to attend school as required by the Compulsory Attendance Statute of the Commonwealth, with evidence that juveniles who refuse to attend school are more likely to not complete elementary or secondary education and are more likely to engage in misconduct injurious to themselves or other persons or property.  
(Ord. 13-2001, 6/11/2001, §1)

### **§6-702. Purpose.**

The City of Reading has an obligation to provide for the protection of juveniles from each other and from other persons, for the enforcement of parental responsibility for acts of their children, for the protection of the general public, and for the reduction of the incidents of juvenile criminal activity. The City also desires to promote the safety and good order of the community by encouraging parental responsibility and helping to eradicate or minimize the occurrences of rowdiness, vandalism, harassment, graffiti, theft, drug dealing, drug use, and other behaviors of juveniles as well as the harm done by juveniles to the community.  
(Ord. 13-2001, 6/11/2001, §2)

### **§6-703. Definitions.**

**ESTABLISHMENT** - any privately owned place of business operated for a profit to which the public is invited including, but not limited to, any place of amusement or entertainment.

**GUARDIAN** - a person who, under court order, is the guardian of a juvenile, or a public or private agency with which a juvenile has been placed by a court of competent jurisdiction.

**HOMESCHOOL** - applies to children legally authorized to participate in a Home Education Program conducted in compliance with §1327.1 of the Public School Code.  
(Ord. 13-2001, 6/11/2001, §3)

**JUVENILE** - any unmarried person over 7 years of age and under 17 years of age or a person over 17 years of age and less than 18 years of age who is enrolled in or subject to compulsory education.

**LOITERING** - remaining idle in essentially one location or lingering or standing around without purpose either alone or in consort with others.

**OPERATOR** - any individual, firm, association, partnership, corporation, or other entity, operating, managing or conducting any establishment. The term "operator" includes the members, owner or partners of an association, partnership or other similar entity and the officers of a corporation.

**PARENT** - a person who is the birth parent, step-parent or adoptive parent of a juvenile. As used herein, "parent" shall also include a court-appointed guardian or other person, 18 years of age or older, authorized by the parent, a court order, or by the court-appointed guardian to have the care and custody of the juvenile.

**PUBLIC PLACE** - any location to which the public or a substantial group of the public has access and includes, but is not limited to streets, sidewalks, the common areas of schools, parks, hospitals, apartment houses, office buildings, transport facilities, shopping centers, malls and other such common areas.

**REMAIN** - to fail to immediately leave specific premises when requested to do so by a police officer or the owner, operator or other person in control of the premises.

**SCHOOL** - any public, private; denominational, charter or parochial education institution that is licensed, or exempt from licensing, by the Commonwealth of Pennsylvania or any other state or government, including any alternative program of study, including a homeschool, or workstudy offered by such an institution and any degree granting institution of higher education as prescribed in the regulations of the Board of Education.

**§6-704. Unlawful Activity.**

1. It shall be unlawful for any juvenile who is subject to compulsory education to loiter, wander, or be in or upon the public street, road, alley, park, playground or other public place, or the premises of any establishment, vacant lot or any unsupervised place in the City of Reading from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** on any day for which the school, at which such juvenile is enrolled, is in session, subject to §6-705.

2. It shall be unlawful for any juvenile who is subject to compulsory continuing/alterative education to loiter, wander or be in or upon a public street, road, alley, park, playground, or other public place or the premises of any establishment, vacant lot or any unsupervised place in the City of Reading from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** p.m. on any day for which the school at which such juvenile is enrolled is in session, subject to §6-705.

3. It shall be unlawful for the parent(s) or guardian (s) of any juvenile to knowingly permit or allow the juvenile to remain in, loiter, wander, or be in or upon the public street, road, alley, park, playground or other public place or the premises of any establishment, vacant lot or any unsupervised place from 8:30 a.m. through ~~2:30~~ **3:10 p.m.** p.m. on any day for which the school, at which such juvenile is enrolled, is in session, subject to §6-705.

4. No operator of an establishment or the agents or employees thereof shall knowingly permit any juvenile to remain in or about any public place or any establishment between the hours of 8:30 a.m. and ~~2:30~~ **3:10 p.m.** p.m. during any day on which the school in which the juvenile is enrolled is in session.

(Ord. 13-2001, 6/11/2001, §4)

**5. It shall be unlawful for any juvenile to loiter within 1,000 feet of any grade school building from 8:00 a.m. through 3:30 p.m. on any day in which the school is in session, subject to §6-705 A - I.**

**§6-705. Defenses.**

It is a defense to prosecution under this Part:

A. That the juvenile is accompanied by his or her parent(s), guardian(s), or other adult(s) who has the care or custody of the juvenile.

- B. That the juvenile is on an emergency errand (without any detour or stop) directed by his or her parent(s), guardians) or other adult(s) who has the care or custody of the juvenile.
  - C. That the juvenile is going to or coming directly from, without detour or stop, with permission, his or her place of school or approved employment, which includes vocational training.
  - D. That the juvenile is going to or coming directly from a medical appointment or an emergency.
  - E. That the juvenile has permission to leave the school campus for lunch or a school-related activity or has possession of a valid school-issued off-campus permit.
  - F. That the juvenile is going to or coming from a continuing/alternative education activity.
  - G. That the juvenile is attending an official school, religious or other recreational activity supervised by adults or sponsored by the City of Reading or other governmental entity, a civic organization, or another similar entity that takes responsibility for the juvenile and that the parent(s) or guardian (s) has given permission for the student to attend such activity.
  - H. That the juvenile is going to or returning from, without any detour or stop, of the foregoing in subsection (G).
  - I. That the juvenile is going to or coming from any government-sponsored activity.
  - J. That the compulsory education or continuing/alternative education to which the juvenile is subject is not in session.
- (Ord. 13-2001, 6/11/2001, §5)

**§6-706. Enforcement Procedure.**

1. Upon a juvenile's failure to comply with §6-704 (1) (2) *or* (5) of this Part, a police officer shall issue a citation to the juvenile and transport the juvenile home or to the school from which the juvenile is absent. If cited, the juvenile and parent(s) or guardian(s) shall appear in district justice court. The parent(s) or guardian(s) shall be forwarded a copy of the citation of the juvenile, and said citation will be mailed via certified mail, return receipt requested, and will include a warning that the parent(s) is (are) responsible and liable as the juvenile's parent(s). Any and all records of such citations shall be maintained in the City's database. Each violation shall constitute a separate offense.
  2. If the parent(s) or guardian(s) has (have) been warned pursuant to subsection (1) hereof, then the officer may issue a citation to the parent(s) or guardian(s) for every subsequent violation of this Part. Each violation shall constitute a separate offense.
  3. Once a citation is issued, pursuant to subsection (2) hereof, each and every subsequent violation of this Part is cause for an officer to issue a citation to the parent(s) or guardian(s) of the juvenile.
  4. If any operator of an establishment or any agents or employees of any operator fail to comply with the provisions of this Part, a police officer shall issue a citation for said violation. Each violation shall constitute a separate offense.
- (Ord. 13-2001, 6/11/2001, §6)

**§6-707. Penalties.**

1. Any juvenile, parent(s) or guardian(s), individual(s), or operator(s) convicted of violating any Section of this Part shall be subject to the following:

A. **First Offense.** \$ 50.00, plus costs and performance of restorative or community service to be assigned by the Superintendent of Schools and/or school principal.

B. **Second Offense.** \$100.00, plus costs and performance of restorative or community service to be assigned by the Superintendent of Schools and principal.

2. Any juvenile, parent(s) or guardian(s), individual(s) or operator(s) convicted of violating any Section of this Part for a third and every subsequent offense, may be subject to a fine not less than \$300.00 or more than \$1,000.00, plus costs and performance of community service as set forth in subsection (1).

3. Any community service required will not exceed 40 hours in a month and will be completed within 30 days from the date of the violation; community service imposed on a juvenile will not be completed by the juvenile during his or her hours of school attendance or related employment

*(Ord. 13-2001, 6/11/2001, §7)*

**§6-708. Delegation.**

Appropriate City officials, including members of the Police Department, authorized members of the Reading School District, including truancy enforcement and school safety officers, Children Youth Service employees and juvenile probation officers are authorized and directed to take such actions as are necessary to effectuate this Part.

*(Ord. 13-2001, 6/11/2001, §8)*

**RESOLUTION NO.**\_\_\_\_\_

THE COUNCIL OF THE CITY OF READING HEREBY RESOLVES AS  
FOLLOWS:

Hiring Daniel Cedeno-Erazo as a Police Officer for the City of  
Reading Police Department, effective Monday, August 18, 2008.

Adopted by Council\_\_\_\_\_, 2008

\_\_\_\_\_  
Vaughn D. Spencer  
President of Council

Attest:

\_\_\_\_\_  
Linda A. Kelleher  
City Clerk

**RESOLUTION NO.**\_\_\_\_\_

THE COUNCIL OF THE CITY OF READING HEREBY RESOLVES AS  
FOLLOWS:

Hiring Lee K. Niebel as a Police Officer for the City of Reading Police  
Department, effective Monday, August 18, 2008.

Adopted by Council\_\_\_\_\_, 2008

\_\_\_\_\_  
Vaughn D. Spencer  
President of Council

Attest:

\_\_\_\_\_  
Linda A. Kelleher  
City Clerk